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National Oceanic and Atmospheric Administration
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FOOD FISH--FRESH AND FROZEN PRODUCTS

SITUATION AND OUTLOOK

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Table 1.--Wholesale price indexes 1970-71

(1967 = 100)

Year	All commodities 1/	All foods 1/	Meat, poultry, and fish 1/	Fish fillets 2/
1970				
January	109.3	115.1	119.7	134.3
February	109.7	114.6	118.8	134.6
March	109.9	115.0	120.9	129.9
April	109.9	113.4	118.8	140.5
May	110.1	113.1	116.6	137.3
June	110.3	113.1	117.7	134.6
July	110.9	115.0	120.2	134.0
August	110.5	112.6	116.6	132.8
September	111.0	114.5	115.0	133.4
October	111.0	111.7	110.8	136.4
November	110.9	112.3	108.7	140.2
December	111.0	111.2	104.2	142.9
1971				
January	111.8	112.4	108.6	140.5
February	113.0	114.2	116.2	140.5
March	113.0	115.0	112.9	140.5
April	113.3	114.7	113.3	142.6
May	113.8	116.0	116.4	136.4
June	114.3	117.0	116.7	136.4
July	114.6	115.8	119.6	139.3
August	114.9	116.6	117.7	138.8
September	114.5	115.1	117.5	141.1
October				
November				
December				

1/ Source: Bureau of Labor Statistics

2/ Cod, flounder, haddock, ocean perch. Source: Marketing Research and Services Division, NMFS

FOOD FISH SITUATION AND OUTLOOK

Approved by the

National Marine Fisheries Service
Permanent Review Board

November 3, 1971

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SUMMARY

REVIEW

Supplies of fish blocks, sticks and portions during the first 9 months of 1971 were substantially higher than in 1970. This was also true for ocean perch and haddock fillets, while flounder fillet supplies remained the same and cod fillets declined somewhat from last year.

Cod, both as blocks and fillets, still remains the specie most in demand by world markets. As a result, cod has been heavily stockpiled by U.S. importers this summer despite the rising costs of these products. Now, with large inventories, processors and distributors may be better able to weather any impending world supply shortage this fall. Large carryovers of flounder fillets at the beginning of 1971 helped to maintain sufficient supplies, although domestic landings and imports both fell off. Ocean perch inventories were also quite large at the beginning of the year bolstered by increased United States landings and an increase in imports from Canada.

Wholesale prices for most groundfish products were up substantially from 1970. Prices of cod fillets, sticks and portions showed the largest increases while haddock prices were only slightly above last year. Prices of ocean perch were above 1970 at the beginning of the year, but dropped below year-ago levels this summer. Flounder prices also declined.

Consumption of most major groundfish species were either the same or slightly lower this year, owing to lower supplies on hand in

the first quarter, and rising prices. Ocean perch consumption, however, was up slightly.

Landings of troll-caught salmon in 1971 have been running ahead of last year, and exvessel and wholesale prices are both much lower than in 1970. Inventories of frozen salmon declined seasonally this summer from their high January 1 level, but have built up to unusually high levels again this fall.

Halibut landings, during the first three quarters of 1971, were 8 million pounds below last year and will be much less than the 50-million-pound quota set by the International Pacific Halibut Commission. Despite lower exvessel and wholesale prices, consumption of halibut remains unchanged from 1970.

The overall impact of Phase I of the President's Economic Policy on the groundfish industry has not yet been fully determined. However, for those domestic processors and distributors who rely on the imported fillet or block, price increases of imports since the freeze have been about the same as before the freeze. Price increases have primarily reflected the new surcharge on imports; these increases can be passed on, if desired, by the U.S. middlemen. However, it would appear that large exporters have been reluctant to increase prices in recent months because they are unsure of price resistance as a result of increases in earlier periods and because of possibly narrower margins faced by domestic producers in light of the price freeze.

OUTLOOK

Guidelines established in Phase II will determine which U.S. prices will be affected, and how controls will be applied. Regardless of decisions in Phase II, the rate of price increases in fillets, sticks and portions, will still determine the level of domestic consumption, and to an extent, the quantity of imports. Generally, however, imports of most fillets and blocks are expected to decrease seasonally. At current price and inventory levels, consumption of most fillets, sticks and portions in the fourth quarter of 1971 will probably increase from third quarter levels, and are expected to be much higher than October-December 1970. Block holdings are likely to be 45 to 50 million pounds on January 1, 1972, slightly higher than last year. Inventories of fillets at the beginning of 1972 are expected to be near levels of last year for ocean perch, lower for flounder, and slightly higher for cod and haddock. Inventories of sticks and portions at the beginning of 1972 will probably be about 8 million pounds below year-ago levels.

Supplies and consumption of halibut may decline slightly in the fourth quarter of the year because of lower inventories and landings this season.

Supplies of frozen salmon, however, will be abundant, and with moderating prices, consumption will probably be strong.

REVIEW

FISH BLOCKS

Supplies

Total supplies of fish blocks in the United States during January-September were 284.7 million pounds, 10 percent higher than the 258.7 million pounds of blocks available

during the first three quarters of 1970 (table 2). Lower cold storage holdings of blocks at the beginning of 1971 were more than offset by larger imports.

Imports Peak in July

Imports of blocks during January-September were 252 million pounds, about 40 million pounds higher than the comparable period in 1970. Imports of blocks in the first quarter of 1971 reflected very low world supplies showing a 25-percent decline from the first quarter of 1970. However, in the second and third quarters, imports of blocks were substantially above previous years.

U.S. imports of blocks in April rose to a record 35.4 million pounds. In July, this record was surpassed when 47.1 million pounds of blocks were imported, 33 percent above the April high. Several factors partially explain the reason for such unusually large imports while world supplies remained relatively scarce.

First, the wholesale price of cod blocks, after remaining stable at 40 cents a pound from December through March, has been climbing steadily ever since. These higher prices did much to attract existing supplies to the United States.

Second, many firms purchased large quantities of blocks in early summer to guard against being in the same short supply position as last fall. Last year, prices soared from 29 cents to 40 cents a pound.

Third, when block purchasers saw the price of cod blocks begin to rise in April, they may have increased purchases unusually early, in anticipation of prices climbing still higher in the fall.

The final inducement to increasing block imports was the concern about a longshoremen's strike--which did materialize at the beginning of October; Gloucester, Mass., however, which usually receives over 75 percent of U.S. block imports, is not affected by the strike.

Cod Blocks About Even With 1970

While total block imports increased during the first three quarters of 1971, compared to last year, cod block imports remained almost even at 164.5 million pounds--compared to 162 million pounds in 1970. So far this year, cod blocks represent only two-thirds of our block imports, compared with nearly four-fifths last year (table 3). This lost share was counterbalanced mostly by an increase in imports of pollock blocks, especially from Norway.

Canada strengthened her share somewhat in the United States block market, from 31 percent of United States imports during the first three quarters of 1970 to 35 percent in 1971. Iceland also increased her share in September (fig. 1).

Although there has been much speculation concerning new countries and species entering the world block market in the face of short supplies, this move has not materialized to any large extent as yet. However, in 1972 we may see the beginning of this surge. Cod has lost some share of the market, but, presently it is still, by far, the dominant species of blocks.

Table 2.-- Supplies and utilization of frozen fish blocks, by month, 1970-71

Year	Supplies				Utilization	
	Beginning stocks	U.S. freezings	Imports	Total	Ending stocks	Disappearance
	Million pounds					
1970						
January	43.0	1/	24.3	67.3	38.0	29.3
February	38.0	1/	14.4	52.4	28.9	23.5
March	28.9	.4	24.2	53.5	20.4	33.1
1st quarter	43.0	.4	62.9	106.3	20.4	85.9
April	20.4	.3	23.8	44.5	20.1	24.4
May	20.1	.6	24.3	45.0	25.4	19.6
June	25.4	.4	30.0	55.8	31.3	24.5
2d quarter	20.4	1.3	78.1	99.8	31.3	68.5
July	31.3	.2	26.3	57.8	48.2	9.6
August	48.2	1.7	28.6	78.5	54.2	24.3
September	54.2	.3	15.9	70.4	48.1	22.3
3d quarter	31.3	2.2	70.8	104.3	48.1	56.2
October	48.1	.3	30.1	78.5	44.5	34.0
November	44.5	1/	15.7	60.2	38.5	21.7
December	38.5	1/	15.0	53.5	30.6	22.9
4th quarter	48.1	.3	60.8	109.2	30.6	78.6
Year	43.0	4.2	272.6	319.8	30.6	289.2
1971 2/						
January	30.6	.1	15.4	46.1	23.9	22.2
February	23.9	.1	13.5	37.5	20.2	17.3
March	20.2	.1	18.3	38.6	15.7	22.9
1st quarter	30.6	.3	47.2	78.1	15.7	62.4
April	15.7	.8	35.4	51.9	23.7	28.2
May	23.7	.5	28.7	52.9	27.9	25.0
June	27.9	.5	24.6	53.0	36.4	16.6
2d quarter	15.7	1.8	88.7	106.2	36.4	69.8
July	36.4	.3	47.1	83.8	58.9	24.9
August	58.9	.1	31.9	90.9	64.4	26.5
September	64.4	.1	36.6	101.1	74.3	26.8
3d quarter	36.4	.5	115.6	152.5	74.3	78.2
October	74.3					
November						
December						
4th quarter						
Year						

1/ Less than 50,000 pounds.
2/ Preliminary.

Table 3.-- U.S. imports of blocks by species, January-September 1970-71

Month/year	Cod		Flatfish		Haddock		Pollock		Other		Total	
	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent
January-March												
1970	46.9	74.6	1.7	2.7	5.0	7.9	4.6	7.3	4.7	7.5	62.9	100.0
1971	30.5	64.8	2.9	6.2	5.0	10.6	2.6	5.5	6.1	12.9	47.1	100.0
April-June												
1970	63.4	81.2	2.0	2.6	5.7	7.3	2.2	2.8	4.8	6.1	78.1	100.0
1971	66.6	75.1	5.0	5.6	6.2	7.0	3.4	3.8	7.5	8.5	88.7	100.0
July-September												
1970	42.2	76.9	2.1	3.8	2.6	4.7	3.5	6.4	4.5	8.2	54.9	100.0
1971	67.4	58.3	10.5	9.1	9.9	8.6	13.9	12.0	13.9	12.0	115.6	100.0
January-September												
1970	162.3	76.6	6.8	3.2	14.9	7.0	11.0	5.2	16.8	7.9	211.8	100.0
1971	164.5	65.4	18.4	7.3	21.2	8.4	19.9	7.9	27.5	10.9	251.5	100.0

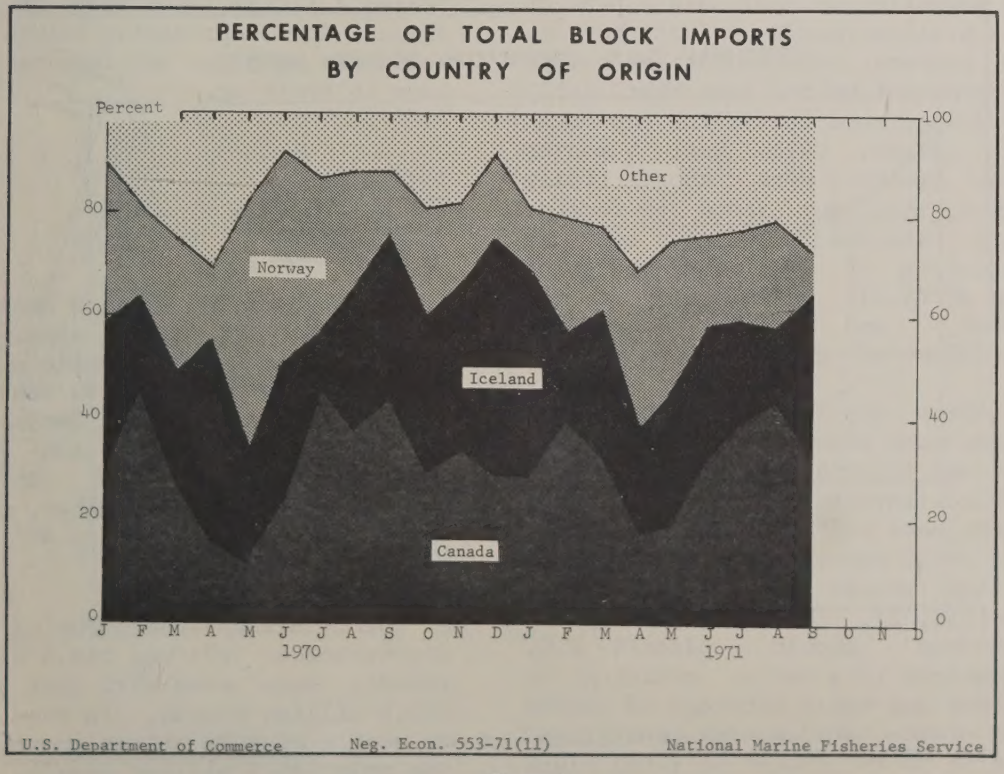

Figure 1

Table 4.-- U.S. block holdings by species, monthly, January-September 1971

Month	Cod		Haddock		Flounder		Other		Total
	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds
1971									
January	13.8	45	2.1	7	0.9	3	13.8	45	30.6
February	11.2	47	.9	4	.4	2	11.4	48	23.9
March	10.5	52	.9	4	.3	1	8.4	42	20.2
April	9.5	61	.9	6	.4	2	4.8	31	15.7
May	17.5	74	1.4	6	.4	2	4.4	18	23.7
June	17.5	63	2.3	8	.6	2	7.4	27	27.8
July	21.0	58	1.9	5	.6	2	12.9	35	36.4
August	34.2	58	3.4	6	.8	1	20.4	35	58.9
September	35.3	55	3.7	6	.8	1	24.6	38	64.4

Block Inventories Show Wide Fluctuation

Inventories of fish blocks have fluctuated sharply this year, reaching a low of 15.7 million pounds at the beginning of April and a peak of 74.3 million pounds on October 1. The extreme nature of these swings is borne out by the fact that April 1 holdings were lowest for any month in 6 years, while just 5 months later stocks were substantially higher than any month on record. Sharp seasonal swings are an indication of U.S. buyers facing more difficult adjustments in the market, and operating under conditions of greater uncertainty.

After U.S. supplies of blocks became more scarce in April, prices rose and imports increased. October 1 block inventories of 74.3 million pounds were sufficient to support about 3-1/2 months' use, and were 26 million pounds higher than a year ago (fig. 2). The current level of inventory should place U.S. processors in a better position to weather any world shortage of blocks this fall. Cod blocks constituted from 45 to 74 percent of total block holdings thus far in 1971 (table 4).

Demand

Disappearance of fish blocks generally peaks twice each year--the first around March, and the second usually in late September and October. In 1971, block disappearance peaked a little later than normal--around April--primarily because inventories were low and imports were slow in arriving.

Prices Rise-- but Consumption Remains Even

Throughout the first 3 months in 1971, prices for major species of blocks remained stable, with cod and flounder blocks around 40 cents and pollock blocks 30 to 31 cents. In the second quarter, block prices began increasing and continued upward through September. Cod blocks in mid-October were 45 cents per pound (table 6).

Block disappearance during January-September 1971 was 210.4 million pounds, about even with last year's 210.6 million pounds. In the first 6 months of 1971, block consumption was only 132.2 million pounds, about 20 million pounds less than in 1970.

When block shortages eased in the third quarter, disappearance rose to 78.2 million pounds, compared to only 56.2 million pounds for the same period last year.

FISH STICKS AND PORTIONS

Production of Sticks Down--Portions Up Slightly

Production of sticks and portions during January-September 1971 was 252 million pounds, around 4 million pounds below last year (table 5). Production, which is highly dependent on the level of block imports, was considerably below last year in the first quarter when block supplies were lowest.

The second quarter, however, showed production of sticks and portions at 80.6 million pounds, only 2.5 million pounds below the second quarter of 1970. Third quarter production was above 1970, reflecting the upsurge in block imports during July.

As is the case with block imports, production of sticks and portions peaks twice a year--in March and October, and reaches its low point in July. Production this year did not dip as low as usual in July and built substantially during August and September, preparing for a peak which may be later in the year than usual.

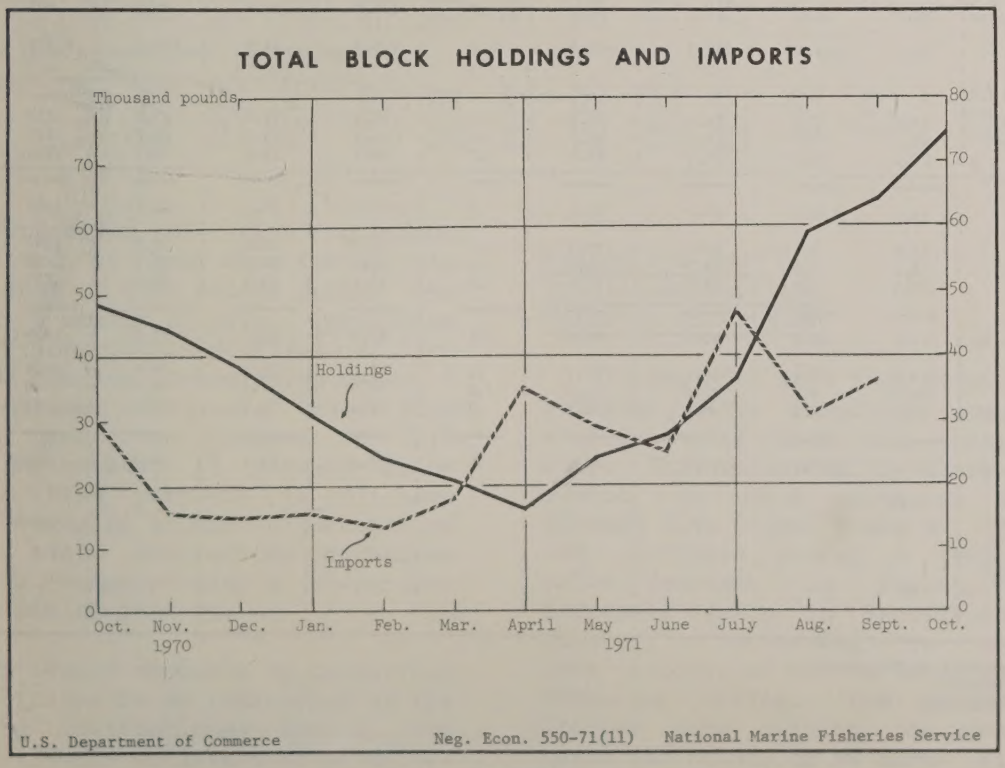

Figure 2

Table 5.-- Supplies and utilization of fish sticks and portions, by month, 1970-71

Year	Supplies						Utilization		
	Beginning stocks	Production			Imports	Total	Ending stocks	Apparent consumption	
		Sticks	Portions	Total				Total	Per capita
	Million pounds								Pounds
1970									
January	25.4	10.5	20.6	31.1	0.1	56.6	24.5	32.1	0.158
February	24.5	11.8	19.8	31.6	.2	56.3	20.1	36.2	.178
March	20.1	12.1	20.7	32.8	.1	53.0	21.3	31.7	.156
1st qtr.	25.4	34.4	61.1	95.5	.4	121.3	21.3	100.0	.492
April	21.3	9.0	22.4	31.4	.1	52.4	22.0	30.4	.149
May	22.0	8.5	17.0	25.5	.1	47.5	22.1	25.4	.125
June	22.1	9.3	16.8	26.1	.1	48.4	23.9	24.5	.120
2d quarter	21.3	26.8	56.2	83.0	.3	104.6	23.9	80.2	.396
July	23.9	7.0	13.6	20.6	.1	44.6	22.1	22.5	.110
August	22.1	7.6	18.2	25.8	.1	48.0	22.7	25.3	.124
September	22.7	10.1	21.1	31.2	.1	54.0	20.4	33.6	.164
3d quarter	23.9	24.7	52.9	77.6	.3	101.8	20.4	81.4	.398
October	20.4	12.3	24.8	37.1	.1	57.6	21.0	36.6	.179
November	21.0	8.8	20.2	29.0	.1	50.1	22.6	27.5	.134
December	22.6	8.9	18.1	27.0	1/	49.6	22.5	27.1	.132
4th quarter	20.4	30.0	63.1	93.1	.2	113.7	22.5	91.2	.445
Year	25.4	115.9	233.3	349.2	1.2	375.8	22.5	353.3	1.731
1971 3/									
January	22.0	7.7	19.6	27.3	.1	49.4	22.3	27.1	.132
February	22.3	7.7	15.0	22.7	.1	45.1	19.2	25.7	.125
March	19.2	10.9	24.4	35.3	.2	54.7	15.0	39.7	.193
1st qtr.	22.0	26.3	59.0	85.3	.4	107.7	15.0	92.5	.450
April	15.0	8.2	20.0	28.2	.1	43.3	13.1	30.2	.147
May	13.1	7.2	18.7	25.9	.1	39.1	18.5	20.6	.100
June	18.5	7.9	18.6	25.6	.1	45.1	19.0	26.1	.127
2d quarter	15.0	23.3	57.3	80.6	.3	95.9	19.0	76.9	.374
July	19.0	7.1	16.6	23.7	.1	42.8	16.0	26.8	.129
August	16.0	8.0	22.0	30.0	.3	46.3	17.6	28.7	.138
September	17.6	8.5	24.0	32.5	.3	50.4	16.9	33.5	.162
3d quarter	19.0	2/23.6	2/62.4	86.2	.7	105.9	16.9	89.0	.429
October	16.9								
November									
December									
4th qtr.									
Year									

1/ Less than 50,000 pounds.
2/ Estimated.
3/ Preliminary.

Table 6.-- Wholesale prices of cod and haddock blocks, sticks and portions, at Boston, Mass., monthly, 1968-71

Item/year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average
	Cents per pound												
Cod blocks													
1968	26.6	26.2	25.5	24.8	24.2	23.5	22.5	21.3	21.3	21.3	21.4	21.4	23.3
1969	21.2	21.2	21.5	24.3	23.8	24.3	24.3	23.5	23.8	23.9	24.3	25.5	23.4
1970	26.5	27.0	27.0	28.0	29.3	29.6	29.6	29.7	30.0	32.5	37.3	40.0	30.5
1971	40.0	40.0	40.0	40.0	40.5	41.0	42.9	44.3	45.0	45.0			
Haddock blocks													
1968	27.9	28.0	27.8	27.5	27.2	27.5	27.9	27.5	27.5	28.5	30.4	33.5	28.4
1969	34.4	35.1	34.9	35.1	35.8	36.0	36.0	36.0	36.0	35.9	36.4	36.5	35.7
1970	36.5	36.5	36.5	36.5	35.8	35.9	36.7	37.5	37.6	38.1	38.9	41.8	37.4
1971	41.5	42.1	42.0	42.3	42.5	43.0	44.5	46.0	46.0	46.2			
Cod portions, raw breaded, 2 to 4 oz. portions													
1968	38.9	39.5	39.5	38.5	37.7	37.5	38.3	37.8	37.0	37.0	37.0	37.0	37.9
1969	37.0	36.6	36.3	37.6	36.8	36.8	37.0	37.5	37.0	37.5	37.5	36.5	37.0
1970	37.5	37.5	38.0	38.0	39.5	39.7	39.9	41.5	43.1	43.5	46.0	48.3	41.0
1971	49.5	49.5	51.6	53.2	53.0	53.5	53.2	57.3	56.8	57.0			
Haddock portions, raw breaded, 2 to 4 oz. portions													
1968	43.2	42.0	42.5	40.3	41.6	42.0	41.6	41.5	41.5	41.7	41.5	41.5	41.7
1969	41.5	43.5	45.8	45.1	45.6	46.4	47.5	47.5	47.5	48.0	48.3	49.0	46.3
1970	48.6	48.5	48.5	48.7	49.0	48.3	49.8	51.0	51.9	50.5	50.8	52.7	49.9
1971	54.0	54.5	54.3	55.8	55.9	56.9	57.0	59.0	61.4	62.0			
Cod sticks, breaded cooked, in 8-oz. pkgs.													
1968	55.7	56.3	56.3	53.3	53.3	53.3	54.8	55.3	55.0	55.0	55.0	55.0	54.8
1969	55.0	54.5	53.0	53.0	53.0	53.0	54.7	54.7	54.7	55.0	55.0	55.0	54.2
1970	55.0	55.0	55.0	57.5	58.0	58.0	58.0	58.0	58.0	58.5	61.3	63.8	58.0
1971	66.3	66.2	65.9	65.8	65.8	67.2	68.0	72.2	72.9	72.9			
Haddock sticks, breaded cooked, in 8-oz. pkgs.													
1968	61.3	60.0	60.0	59.2	58.8	58.8	58.7	58.5	58.8	58.8	58.8	58.8	59.2
1969	58.8	59.0	59.3	59.7	59.7	59.7	59.7	59.7	59.8	61.2	61.2	59.8	59.8
1970	59.7	59.7	59.7	58.3	58.8	58.8	58.8	58.8	58.2	58.0	60.8	63.2	59.3
1971	66.7	66.7	66.7	66.7	66.7	66.7	66.7	75.0	75.0	75.0			

Production of fish portions continued to grow at a faster rate than that of fish sticks during the first 9 months of 1971. Production of portions totalled 178.9 million pounds during January-September, 5 percent over last year, while fish stick production dropped to 73.2 million pounds, 15 percent below 1970. Fish portions in 1971 have been averaging around 70 percent of total stick and portion production in 1971, compared with a 65-percent share during 1968-70.

Increased emphasis on production of portions is an indication of the growing institutional demand for this item in outlets such as drive-in restaurants and, to some extent, fish and chips franchise operations.

Prices for Most Sticks and Portions Climb in Mid-Summer

Prices for most fish sticks and portions, after remaining somewhat stable during March-June, jumped in July. This reflected the sharp increase in block costs in March through June (figs. 3 and 4). Only cod portions showed a temporary price decrease in August, but increased again in September and October, according to market news reports of the National Marine Fisheries Service. Cod sticks in October were selling for about 73 cents per pound, or 16 cents higher than the price of cod portions (table 6).

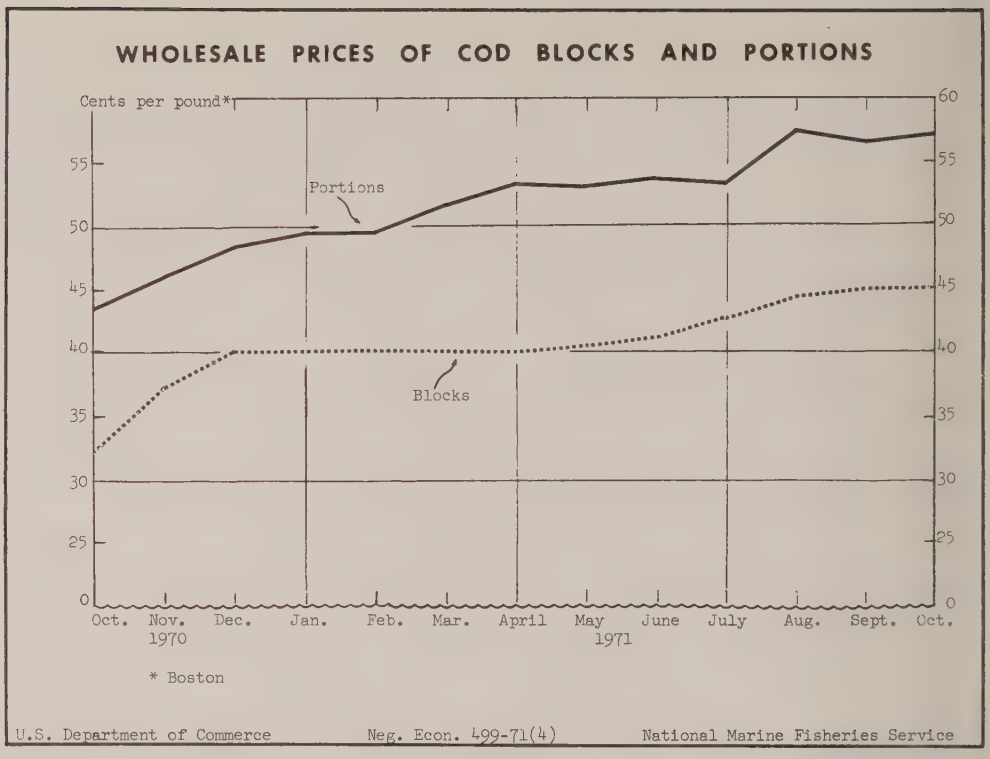

Figure 3

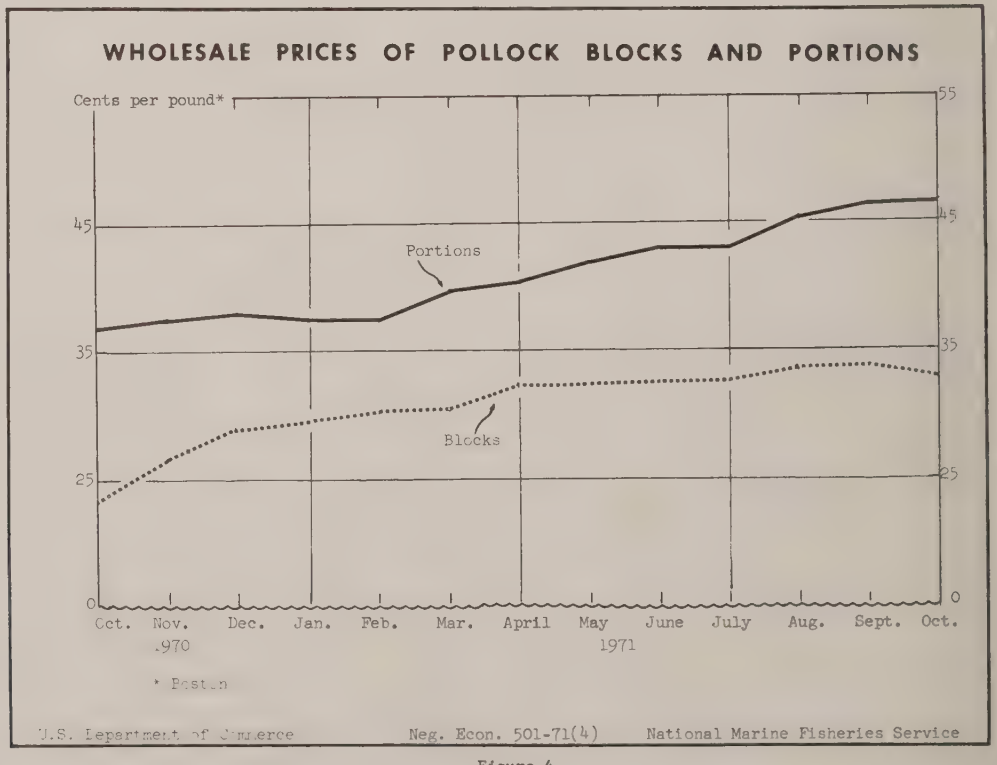

Figure 4

Demand for Sticks and Portions Remains Strong

Despite the fact that prices of sticks and portions in 1971 were ranging from 15 to 35 percent above last year, consumption remained almost the same--258 million pounds through September, compared with 262 million pounds last year. Consumer resistance to high prices, however, has apparently been slightly higher at retail than in institutional markets.

The unusually large increase in block imports during July through September has placed stick and portion producers in a position of having ample inventories of blocks, while still being able to increase production and sales in the summer, even though the summer is a period of seasonally low consumption. Apparent consumption of sticks and portions during the third quarter was 89 million pounds, compared with 81.4 million pounds last year. Ratios of stick and portion inventories-to-consumption were lower this summer than in recent years.

FLOUNDER

Supplies

Supplies of flounder fillets during the first 9 months of 1971 were 84.8 million pounds, essentially unchanged from last year (table 7). Both landings and imports through September 1971 were running behind last year. Extremely high inventories at the start of the year managed to keep total supplies on a par with last year.

Landings Off Considerably

Domestic landings of flounder through the third quarter were 27.3 million pounds (fillet weight)--13 percent lower than last year. As of October 16, the status of the ICNAF catch quota on yellowtail flounder was reported as follows: 58 percent of the 13,000 metric ton annual quota for the western grounds (west of longitude 69 degrees) and 83 percent of the 16,000 metric ton annual quota for the eastern grounds had been reached. NMFS biologists expect closure of the eastern grounds in early November; after that date, allowance is made for incidental catches. The western grounds are expected to remain open through the end of the year.

Inventories Reach Record Highs

Inventories of flounder fillets reached an alltime high in January of this year and remained at record monthly levels through April. Stocks were worked down somewhat during the second quarter but have been building again since July. The ratio of cold storage holdings to consumption was high in the first quarter but leveled off in the second and third quarters (fig. 5). Considering the slack in imports and landings this year, high stock-to-consumption ratios at the beginning of the year may have been an indication that dealers were making sure that they would have ample supplies on hand this fall and winter.

Table 7.-- Supplies and utilization of fresh and frozen flounders, by month, 1970-71

(fillet weight)

Year	Supplies				Utilization		
	Beginning stocks	U.S. landings	Imports	Total	Ending stocks	Apparent consumption	
						Total	Per capita
	Million pounds						Pounds
1970							
January	9.3	2.9	5.0	17.2	8.9	8.3	0.041
February	8.9	2.6	4.2	15.7	8.1	7.6	.037
March	8.1	4.7	3.2	16.0	7.4	8.6	.042
1st quarter	9.3	10.2	12.4	31.9	7.4	24.5	.120
April	7.4	4.2	3.5	15.1	8.2	6.9	.034
May	8.2	4.1	4.4	15.7	8.7	8.0	.039
June	8.7	3.7	5.7	18.1	9.7	8.4	.041
2d quarter	7.4	12.0	13.6	33.0	9.7	23.3	.114
July	9.7	3.6	4.7	18.0	11.4	6.6	.032
August	11.4	2.9	5.8	20.1	13.1	7.0	.034
September	13.1	2.7	5.7	21.5	13.3	8.2	.040
3d quarter	9.7	9.2	16.2	35.1	13.3	21.8	.106
October	13.3	3.9	7.4	24.6	15.1	9.5	.047
November	15.1	3.7	5.0	23.8	15.4	8.4	.041
December	15.4	2.6	4.3	22.3	16.1	6.2	.031
4th quarter	13.3	10.2	16.7	40.2	16.1	24.1	.119
Year	9.3	41.6	58.9	109.8	16.6	93.7	.459
1971 1/							
January	16.1	2.4	4.2	22.7	14.6	8.1	.039
February	14.6	2.8	3.8	21.2	11.5	9.7	.047
March	11.5	3.2	3.3	18.0	9.2	8.8	.043
1st quarter	16.1	8.4	11.3	35.8	9.2	26.6	.129
April	9.2	3.2	3.7	16.1	7.7	8.4	.041
May	7.7	3.5	3.9	15.1	7.6	7.5	.036
June	7.6	3.6	3.8	15.0	8.6	6.4	.031
2d quarter	9.2	10.3	11.4	30.9	8.6	22.3	.108
July	8.6	3.2	5.8	17.6	9.5	8.1	.039
August	9.5	2.9	5.8	18.2	10.6	7.6	.037
September	10.6	2.5	7.1	20.2	10.8	9.4	.045
3d quarter	8.6	8.6	18.7	35.9	10.8	25.1	.121
October	10.8						
November							
December							
4th quarter							
Year							

1/ Preliminary.

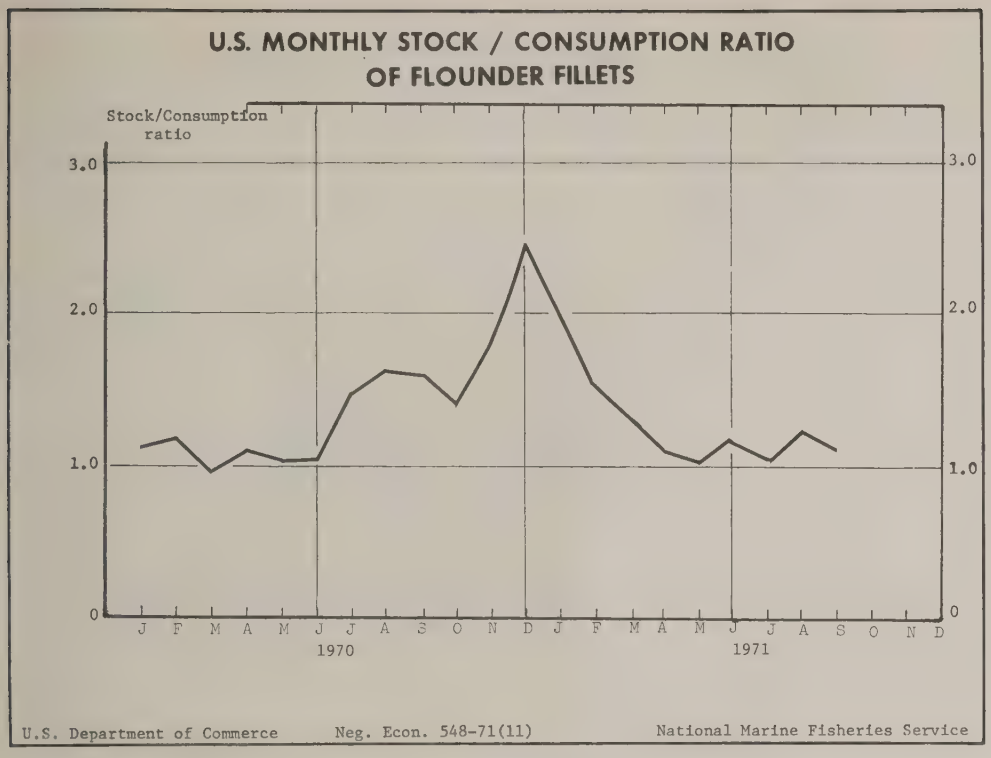
U.S. MONTHLY STOCK / CONSUMPTION RATIO
OF FLOUNDER FILLETS
Stock/Consumption ratio
3.0
2.0
1.0
0
J F M A M J J A S O N D J F M A M J J A S O N D
1970
1971
U.S. Department of Commerce
Neg. Econ. 548-71(11)
National Marine Fisheries Service

Figure 5

Demand

Imports Down

Imports of flounder fillets were 41.4 million pounds for January-September 1971--2 percent below last year. Canada remains virtually the only supplier of flounder fillets to the United States. The drop in imports this year is largely attributable to a 16-percent reduction in Canadian flounder landings through August, rather than a diversion of existing supplies to other world markets. Of interest is the fact that Japan has been increasing her share of the United States market for flounder fillets. United States imports of Japanese flounder fillets through September were 2.5 million pounds (6 percent of total flounder imports this year); although still a small percentage of total imports, imports of Japanese flounder have more than doubled since last year.

Prices Mixed

Exvessel prices for yellowtail flounder averaged 16 cents per pound through September, 3 percent lower than last year. A marked increase in the exvessel price was registered in August as yellowtail landings approached the quota--the exvessel price for yellowtail rose 61 percent from July to August (table 8).

The wholesale price for domestic 5-pound packages of fillets remained well below 1970 prices through the first 4 months of this year. In May, the domestic price began to increase and has exceeded 1970 prices through September. The Canadian wholesale price for the same product has remained below last year's levels throughout this year. In April, the Canadian price was as much as 20 cents per pound below the

Table 8.— Monthly exvessel, wholesale and retail prices of flounder, 1968-71

Month	Exvessel 1/				Wholesale				Retail 3/			
	Yellowtail				Fillets, frozen 2/				Fillets, fresh			
	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
	Cents per pound											
January	10.5	9.5	14.8	13.1	-	39.6	52.8	51.0	102.5	104.0	131.4	135.0
February	10.5	10.7	11.3	16.4	42.5	42.5	53.6	48.0	103.5	101.5	137.8	142.8
March	10.1	10.1	10.5	19.1	31.5	42.8	53.5	47.5	117.3	131.8	138.6	150.0
April	11.8	14.1	17.6	19.0	32.0	47.5	53.9	47.5	102.2	116.5	135.2	145.3
May	9.1	11.-	10.1	13.1	32.5	45.5	53.8	47.5	99.0	109.0	125.3	145.3
June	11.7	11.8	10.2	12.6	32.3	47.8	53.5	48.5	100.2	111.8	130.3	151.0
July	8.1	14.6	14.6	13.7	31.0	43.6	53.4	48.5	99.4	112.3	128.0	149.0
August	9.1	14.3	14.1	22.1	31.1	49.5	53.0	49.5	99.0	115.1	124.0	141.6
September	8.1	10.3	12.9	15.0	32.3	52.5	53.5	51.1	94.4	115.7	124.0	141.0
October	9.5	14.7	11.6		34.9	51.5	53.1	52.0	99.8	112.4	124.0	135.3
November	14.7	14.7	9.7		35.-	54.-	53.8		105.1	109.0	124.5	
December	9.2	13.4	9.8		34.1	56.1	51.8		99.5	108.5	120.1	
Average	11.9	13.6	15.1		37.1	48.1	53.3		101.8	114.1	129.-	

1 Weighted average, New Bedford, Mass.
2 Skinless, 1-lb. package, Canadian, Boston, Mass.
3 Most general prices at New York, N.Y.

domestic price. The margin between Canadian and United States wholesale prices has narrowed somewhat since April.

Consumption Up

Consumption of flounder fillets through September was 74 million pounds--6 percent above last year. Lower prices during the first few months of this year apparently stimulated sales, because consumption during the first 4 months of this year was 11 percent higher than the same period in 1970. Prices have been increasing since May, and consumption slacked off accordingly. However, in September, consumption jumped to 9.4 million pounds despite high prices. Apparently, processors have accumulated higher inventories and are now releasing supplies for consumption.

COD

Supplies

Supplies of cod fillets through the third quarter of 1971 were 92.1 million pounds--12 percent below last year. Lower inventories and lower imports contributed to this decline. U.S. landings of cod through September were 14.7 million pounds (fillet weight), fractionally higher than last year but not enough to compensate for declining imports and lower holdings.

Imports Decline

U.S. imports of cod fillets through the third quarter were 70 million pounds--10 percent less than last year. Canada and Iceland are traditionally the major suppliers of

Table 8.-- Supplies and utilization of fresh and frozen cod, by month, 1970-71

(fillet weight)

Year	Supplies					Utilization		
	Beginning stocks	Landings			Imports	Total	Ending stocks	Apparent consumption	
		Atlantic	Pacific	Total				Total	Per capita
	Million pounds								Pounds
1971									
January	12.9	0.8	0.1	0.9	9.6	23.4	11.2	11.5	0.057
February	11.9	1.0	.1	1.1	4.6	17.6	11.5	7.1	.034
March	10.5	1.3	.1	1.4	9.0	20.9	9.2	11.7	.056
1st qtr.	12.9	3.1	.3	3.4	23.2	39.8	9.2	30.3	.147
April	9.2	2.3	.1	2.4	13.5	25.1	9.2	15.9	.078
May	9.2	1.9	.1	2.0	6.6	17.8	11.7	6.1	.030
June	11.7	1.6	.1	1.7	11.1	24.5	14.7	9.8	.048
2d quarter	9.2	5.8	.3	6.1	31.2	46.5	14.7	31.8	.155
July	14.7	2.0	1/	2.0	6.7	23.4	14.7	8.7	.043
August	14.7	1.2	1/	1.2	7.9	23.8	13.2	10.6	.052
September	13.2	1.2	.1	1.3	8.8	23.3	11.7	11.6	.057
3d quarter	14.7	4.4	.1	4.5	23.4	42.6	11.7	30.9	.152
October	11.7	1.5	.1	1.6	8.8	22.1	11.0	11.1	.054
November	11.0	1.4	1/	1.4	4.5	16.9	9.3	7.6	.037
December	9.3	1.0	.1	1.1	4.7	15.1	7.5	7.6	.036
4th qtr.	11.7	3.9	.2	4.1	18.0	33.8	7.5	26.3	.129
Year	12.9	17.2	1.0	18.2	95.8	126.9	7.5	119.5	.586
1972 p									
January	7.5	.7	.1	.8	6.7	15.0	6.3	7.3	.036
February	6.3	1.9	.3	2.2	4.7	13.2	7.0	6.2	.030
March	7.0	1.9	.3	2.2	8.3	17.5	5.0	12.5	.061
1st qtr.	7.5	4.5	.7	5.2	19.4	32.1	5.0	26.0	.126
April	6.2	1.9	.3	2.2	11.1	19.5	8.5	11.0	.053
May	8.5	1.9	.2	2.1	7.5	18.1	9.4	8.7	.042
June	9.4	1.5	.2	1.7	6.6	17.7	10.4	7.3	.035
2d quarter	6.2	5.3	.7	6.0	25.2	37.4	10.4	27.0	.130
July	10.4	1.0	.1	1.1	9.0	20.5	10.1	8.4	.041
August	10.1	1.0	.1	1.1	5.4	16.6	10.5	6.0	.029
September	10.5	1.2	.1	1.3	11.0	22.8	14.4	10.4	.050
3d quarter	10.4	3.2	.3	3.5	25.4	39.9	14.4	24.7	.121
October	14.4								
November									
December									
4th qtr.									
Year									

1/ Less than 50,000 pounds.
p/ Preliminary.

cod fillets to the United States, but imports from these countries declined this year. Through September, Canadian exports of cod fillets to the United States were 21 percent less than last year; Icelandic exports to the United States were a fourth below last year. Lower landings of cod in Canada and Iceland were responsible for reduced imports from these countries.

Imports of cod fillets from Norway are running 69 percent ahead of last year, while Denmark has more than doubled her exports of cod to the United States. Increased landings of cod from Scandinavian waters has enabled both Norway and Denmark to strengthen their positions in the United States market for cod. Nevertheless, increased imports from Norway and Denmark were not enough to offset the decline in imports from Canada and Iceland.

Inventories Low Most of the Year

Inventories of cod fillets remained at low levels through September of this year, reflecting strong demand and lower supplies. In October, inventories of cod fillets, aided by an increase in imports, jumped to 14.6 million pounds--a fourth above last October and higher than any month this year (table 9). This increase indicates that sellers expect the supply situation to become even shorter and are holding back in order to have enough supply for the fall and winter.

Table 10.-- Monthly exvessel, wholesale, and retail prices of cod, 1968-71

Month	Exvessel price 1/				Wholesale price: Frozen fillets 2/				Wholesale price: Fresh fillets 3/				Retail price 4/: Fresh fillets			
	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
	Cents per pound															
January	14.1	11.1	15.7	20.3	33.7	30.0	34.0	41.5	70.7	60.0	78.0	93.3	87.6	82.8	92.5	112.8
February	12.9	12.8	14.7	13.4	33.6	30.0	34.5	42.8	64.8	69.0	75.0	89.1	82.3	80.8	95.0	119.3
March	10.2	9.7	15.0	12.6	32.5	31.0	34.5	43.1	62.1	56.0	85.0	81.4	86.8	89.8	98.0	127.1
April	6.8	7.6	11.8	12.6	33.0	31.4	34.5	43.1	57.6	55.0	80.0	84.5	85.1	88.2	104.0	126.9
May	6.0	6.6	8.2	9.4	32.5	31.5	34.5	44.2	50.2	55.0	59.0	70.2	80.9	84.0	97.8	125.8
June	6.7	6.0	10.7	11.7	31.5	31.5	34.5	45.2	51.1	54.0	62.0	71.4	80.2	84.5	105.3	124.5
July	6.7	10.9	11.5	14.8	31.1	31.4	34.5	46.1	51.5	62.0	70.0	76.5	80.8	88.6	99.6	129.0
August	7.2	11.0	16.2	18.1	30.0	31.3	34.5	46.7	50.3	61.0	78.0	81.9	76.5	93.1	96.5	129.4
September	7.1	10.6	15.2	15.6	30.0	30.8	34.7	48.4	55.5	60.0	80.0	86.3	80.0	89.1	102.3	126.5
October	8.4	12.0	14.1		30.0	31.7	35.7	48.5	56.4	65.0	72.0	85.8	81.0	86.4	107.8	128.3
November	9.4	14.4	13.1		30.0	32.9	37.8		60.9	76.0	73.5		83.0	99.0	106.5	
December	11.9	13.7	16.4		30.0	33.5	40.9		61.3	71.0	79.4		87.8	92.8	109.2	
Average	8.9	10.5	13.6		31.5	31.4	35.4		57.7	62.8	74.3		82.7	88.3	101.2	

1/ Weighted average at principal New England ports.
2/ 1-lb. package, Canadian at Boston, Mass.
3/ At New York City Fulton Market.
4/ Most general prices at New York City.

Demand

Prices Up

Competition for available supplies has resulted in price increases for cod fillets. New England fishermen received 8 percent more than last year. Wholesale prices for frozen cod fillets registered the largest increases of any major fillet this year--averaging 10 cents per pound higher than last year through September (table 10).

Consumption Off Markedly

Consumption of cod fillets during the first 9 months of 1971 was 77.5 million pounds--17 percent below last year. Lower total supplies were primarily responsible for this decrease in sales.

HADDOCK

Supplies

Supplies of haddock fillets during the first 9 months of 1971 were 35.8 million pounds, 7 percent below the same period last year.

Landings and the Quota

U.S. landings of haddock through September were 6 million pounds (fillet weight)--23 percent below last year as of this date (table 11). The ICNAF haddock quota is not expected to be reached this year. In an attempt to preserve the remaining stock of haddock, the 1971 annual quota of 30,000 metric tons will be halved in 1972.

Imports Potential to Increase

Imports of haddock fillets through September 1971 were 23.9 million pounds--essentially unchanged from last year. An extremely large amount of haddock was imported from Iceland in September--1.1 million pounds, half of which entered through the Baltimore Customs district. Anticipation of the East Coast dockstrike was a likely reason for this increase. Heavy imports of haddock in September changed the downward trend in imports that has been experienced all year. Imports of haddock from Canada were 7.4 million pounds through September--15 percent below last year. Canadian haddock landings are keeping pace with last year, and Canadian holdings of haddock fillets are almost 50 percent higher than year-ago levels (table 12). Canadian processors may be holding stocks in anticipation of price increases in the United States as the supply situation here tightens.

Inventory Levels Soar

Stocks on hand are much larger this year--nearly twice as high as last year. On October 1, inventories were 9.1 million pounds--98 percent higher than in October of last year (table 11).

Demand

Seller's Market for World Supplies

Short world supplies of haddock, coupled with the strength of world demand, created a seller's market for this species in late 1970 and early this year. Domestic buyers, hard-pressed for supplies were

Table 11.-- Supplies and utilization of fresh and frozen haddock, by month, 1970-71

(fillet weight)

Year	Supplies				Utilization		
	Beginning stocks	Landings	Imports	Total	Ending stocks	Apparent consumption	
						Total	Per capita
	Million pounds						Pounds
1970							
January	7.1	0.4	3.5	11.0	5.4	5.6	0.028
February	5.4	.4	2.2	8.0	4.3	3.7	.018
March	4.3	.7	4.6	9.6	3.8	5.8	.028
1st quarter	7.1	1.5	10.3	18.9	3.8	15.1	.074
April	3.8	1.4	3.4	8.6	4.1	4.5	.022
May	4.1	1.5	2.0	7.6	3.9	3.7	.018
June	3.9	1.3	2.6	7.8	3.9	3.9	.019
2d quarter	3.8	4.2	8.0	16.0	3.9	12.1	.059
July	3.9	.8	2.1	6.8	4.4	2.4	.012
August	4.4	.7	1.7	6.8	4.9	1.9	.010
September	4.9	.6	1.7	7.2	4.6	2.6	.012
3d quarter	3.9	2.1	5.5	11.5	4.6	6.9	.034
October	4.6	.7	2.4	7.7	4.9	2.8	.013
November	4.9	.4	1.6	6.9	5.3	1.6	.008
December	5.3	.5	1.7	7.5	5.8	1.7	.008
4th quarter	4.6	1.6	5.7	11.9	5.8	6.1	.029
Year	7.1	9.4	29.5	48.0	5.8	40.2	.197
1971 1/							
January	5.9	.3	2.0	8.2	5.9	2.3	.011
February	5.9	.5	2.6	9.0	6.3	2.7	.013
March	6.3	.8	3.7	10.8	5.6	4.2	.021
1st quarter	5.9	1.6	8.3	15.8	8.6	9.2	.045
April	6.6	.9	2.8	10.3	6.5	3.8	.018
May	6.5	1.1	1.8	9.4	7.1	2.3	.011
June	7.1	.9	2.8	10.8	7.9	2.9	.014
2d quarter	6.6	2.9	7.4	16.9	7.9	9.0	.043
July	7.9	.5	3.0	11.4	8.7	2.7	.013
August	8.7	.5	2.2	11.4	8.6	2.8	.014
September	8.6	.5	3.0	12.1	9.1	3.0	.014
3d quarter	7.9	1.5	8.2	17.6	9.1	8.5	.041
October	9.1						
November							
December							
4th quarter							
Year							

1/ Preliminary.

Table 12.-- First-of-month cold storage holdings of Canadian groundfish fillets, monthly, 1969-71

Month	Flounder			Cod			Haddock			Pollock			Ocean perch		
	1969	1970	1971	1969	1970	1971	1969	1970	1971	1969	1970	1971	1969	1970	1971
	Million pounds														
Jan.	3.5	3.1	8.3	4.8	3.0	2.4	1.1	1.0	1.0	0.4	0.3	0.1	5.5	3.4	4.6
Feb.	2.8	2.2	7.0	4.6	2.8	1.7	1.0	.8	1.0	.3	.2	.1	4.1	2.7	2.9
Mar.	2.2	2.4	4.9	4.6	4.0	2.1	1.2	1.0	.6	.3	.1	1/	3.1	1.8	2.1
Apr.	1.6	2.5	4.0	3.2	3.0	1.9	2.3	.8	1.7	.2	.1	1/	1.5	1.5	1.4
May	1.5	2.4	3.4	3.3	3.5	2.3	3.9	1.1	1.9	.2	.1	.1	.1	.1	1.3
June	2.2	3.0	4.0	4.6	4.4	3.2	3.0	1.7	2.5	.2	.1	.2	.1	.1	3.1
July	3.1	4.3	5.4	5.2	5.0	4.2	3.2	1.6	2.5	.1	.1	.6	2.0	1/	3.9
Aug.	3.3	5.1	5.0	6.9	4.5	3.0	2.3	1.4	2.4	.2	.4	.3	4.3	3.9	5.9
Sept.	3.7	5.9	5.6	6.1	4.5	3.0	2.0	1.4	2.1	.3	.1	.4	4.4	3.3	8.9
Oct.	2.8	7.2	5.3	6.5	3.7	2.7	1.9	1.5		.2	.2	.4	5.3	5.2	9.2
Nov.	2.9	7.5		4.9	3.7		1.5	1.4		.5	.3		4.6	5.0	
Dec.	3.8	8.0		4.0	3.2		1.0	1.2		.4	.2		3.9	5.6	

1/ Less than 50,000 pounds.

bidding the price up through January, in the hope of attracting foreign holdings. As the price increased, stocks held abroad began to flow into the United States and caused domestic inventories to climb. Consumer resistance to higher prices was met and prices have been lowered since January in an effort to reduce high inventories. Lower prices triggered a reduction in imports, and available supplies are building up in foreign holdings.

Prices

Exvessel prices for haddock during January-August were 10 percent higher than last year. Price increases at dockside were a reflection of sparse U.S. landings.

The wholesale price for Canadian haddock fillets on the Boston market has been fairly constant since the first quarter of the year (table 13).

Consumption Off

Consumption of haddock through September was 26.7 million pounds--down 22 percent from last year. The apparent desire to build inventories is responsible for much of the decline in consumption this year.

POLLOCK

Supplies

Supplies of pollock fillets through the third quarter 1971 were 7.5 million pounds--about 0.2 million pounds less than last year (table 14).

Landings Up

U.S. landings of pollock were 2.3 million pounds (fillet weight) through September, 28 percent higher than in 1970. Reduced catches of other species due to lower abundance and quota restrictions were possible reasons for higher pollock landings this year.

Table 13.— Monthly exvessel, wholesale, and retail prices of haddock, 1968-71

Month	Exvessel price 1/				Wholesale price: Fresh fillets 2/				Wholesale price: Frozen fillets 3/				Retail price 4/			
	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
	Cents per pound															
January	19.2	24.2	33.9	39.8	85.0	83.5	115.0	116.5	37.5	52.0	55.0	59.0	66.8	69.1	80.6	93.8
February	20.1	24.4	33.8	29.3	69.5	87.0	112.5	101.0	39.5	52.5	55.0	56.5	67.2	70.1	83.5	96.4
March	14.3	18.0	27.6	27.4	38.5	86.5	70.0	73.5	41.0	53.0	55.0	56.5	66.5	70.1	85.3	98.4
April	10.2	13.9	19.6	25.0	50.0	46.0	67.5	67.0	42.0	52.0	55.0	55.0	67.1	71.3	86.0	98.9
May	12.3	16.6	18.0	20.7	44.0	59.0	56.0	60.0	38.5	51.0	53.5	55.5	67.5	72.6	87.4	100.0
June	13.2	13.0	23.7	24.8	52.0	50.0	74.5	96.0	38.5	51.0	53.5	55.5	67.7	73.4	88.4	101.2
July	12.3	20.3	26.6	31.7	54.0	78.5	89.0	82.5	38.5	51.0	53.5	55.5	67.6	74.6	89.0	101.8
August	14.2	21.1	31.7	38.0	53.0	73.5	94.5	108.0	39.0	51.5	53.5	55.5	67.8	75.9	89.4	101.6
September	14.2	22.6	27.7	30.0	52.0	73.0	97.0	97.5	41.5	51.5	54.5	56.0	67.5	76.8	90.0	101.8
October	16.9	24.5	26.5		70.0	76.0	73.5		53.0	53.5	54.5		67.9	77.6	90.9	
November	18.6	26.0	33.9		80.5	118.5	102.5		52.5	53.5	55.5		68.1	78.3	91.5	
December	27.3	28.9	34.7		85.0	97.5	145.0		50.5	55.0	57.5		68.7	79.7	92.6	
Average	14.7	21.1	28.1		61.1	77.4	91.4		40.7	52.3	54.7		67.5	74.1	87.9	

1/ Weighted average for large and scrod, New England principal ports.
2/ Skins on, 20-lb. tins, Boston.
3/ Canadian, skins on, 1-lb. packages, Boston.
4/ One-pound packages, Bureau of Labor Statistics, 47-city U.S. average price.

Demand

Sales Same as Last Year

Consumption of pollock was 7.3 million pounds during the first three quarters--slightly higher than last year. Wholesale prices for a 5-pound package of domestic fillets were 36 to 43 cents per pound through September 1971, compared with 28 to 34 cents a year ago (table 15).

Imports

Imports of pollock fillets were 4.1 million pounds through September--0.3 million pounds less than last year. Foreign suppliers have concentrated on producing pollock blocks for the U.S. market rather than shipping fillets.

Table 14.-- Supplies and utilization of Atlantic pollock and cusk, by month, 1970-71

(fillet weight)

Year	Supplies					Utilization		
	Beginning stocks	Landings		Imports	Total	Ending stocks	Apparent consumption	
		Pollock	Cusk				Total	Per capita
	Million pounds							Pounds
1970								
January	1.5	.5	1/	1.7	3.7	1.5	2.2	0.011
February	1.5	.4	1/	.3	2.2	1.1	1.1	.005
March	1.1	.2	.1	.3	1.7	.9	.8	.005
1st qtr.	1.5	1.1	.1	2.3	5.0	.9	4.1	.021
April	.9	.2	.1	.3	1.5	.7	.8	.003
May	.7	.1	1/	.3	1.1	.7	.4	.002
June	.7	.1	1/	.3	1.1	.7	.4	.002
2d quarter	.9	.4	.1	.9	2.3	.7	1.6	.007
July	.7	.1	1/	.4	1.2	.9	.3	.002
August	.9	.1	1/	.4	1.4	.9	.5	.002
September	.9	.1	.1	.4	1.5	.9	.6	.003
3d quarter	.7	.3	.1	1.2	2.3	.9	1.4	.007
October	.9	.2	.1	.7	1.9	.7	1.2	.006
November	.7	.5	1/	.8	2.0	.8	1.2	.006
December	.8	.7	1/	.8	2.3	1.1	1.2	.006
4th qtr.	.9	1.4	.1	2.3	4.7	1.1	3.6	.018
Year	1.5	3.2	.5	6.7	11.9	1.1	10.8	.053
1971 2/								
January	1.1	.8	.1	1.0	3.0	1.1	1.9	.008
February	1.1	.4	1/	.3	1.8	1.0	.8	.004
March	1.0	.2	.1	.3	1.6	.8	.8	.004
1st qtr.	1.1	2/ 1.4	.2	1.6	4.3	.8	3.5	.016
April	.8	.2	.1	.2	1.3	.7	.6	.003
May	.7	.2	1/	.3	1.2	.6	.6	.003
June	.6	.1	1/	.3	1.0	.6	.4	.002
2d quarter	.8	.5	.1	.8	2.2	.6	1.6	.008
July	.6	.1	1/	.6	1.3	.5	.8	.004
August	.5	.1	.1	.5	1.2	.5	.7	.003
September	.5	.2	1/	.6	1.3	.6	.7	.003
3d quarter	.6	.4	.1	1.7	2.8	.6	2.2	.010
October	.6							
November								
December								
4th qtr.								
Year								

1/ Less than 50,000 pounds.
2/ Preliminary.

Table 15.-- Monthly exvessel and wholesale prices of pollock and exvessel prices of cusk, 1968-71

Month	Pollock								Cusk			
	Exvessel price 1/				Wholesale price 2/				Exvessel price 1/			
	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
	Cents per pound											
January	8.8	7.6	6.9	7.7	24.5	-	28.3	42.0	14.1	10.0	11.2	11.8
Feburary	10.2	9.8	11.0	10.7	25.0	27.0	28.0	43.0	10.1	10.3	12.0	11.5
March	13.4	7.9	18.6	11.4	25.0	27.0	28.6	43.2	11.9	9.3	11.2	10.8
April	12.1	9.0	13.5	11.7	26.5	27.0	29.9	40.0	6.2	5.6	10.0	9.0
May	9.7	12.7	11.1	8.3	26.5	28.0	29.0	36.0	5.8	6.2	6.4	8.7
June	8.6	8.2	11.4	9.0	27.5	27.3	29.1	39.0	5.5	5.6	5.0	8.9
July	8.0	7.4	11.2	14.8	27.5	26.8	33.0	39.5	6.0	8.9	7.5	8.8
August	7.2	8.6	14.8	12.1	27.5	27.5	34.0	40.0	8.1	5.9	8.9	9.0
September	6.8	7.8	11.6	8.8	27.0	28.0	34.0	40.0	6.4	7.0	8.3	6.7
October	7.8	8.5	8.5		27.5	28.0	35.5	40.0	8.8	8.3	7.1	
November	7.0	8.4	7.7		27.5	28.0	37.0		9.4	11.0	7.8	
December	7.6	5.7	7.3		27.0	28.0	42.0		11.8	9.0	8.3	
Average	8.9	8.5	11.1		26.6	27.5	32.4		8.7	8.3	8.6	

1/ Monthly weighted average at Boston.
2/ Fillets, Canadian 5-lb. package, New York City Fulton Market.

OCEAN PERCH

Supplies

Total supplies of ocean perch fillets during the first three quarters of 1971 were 82.8 million pounds--14 percent higher than last year (table 16). High first-of-the-year inventories, improved domestic landings, and increased imports contributed to more abundant supplies. Ocean perch is among those few Atlantic species that have not had supply problems in 1971.

Landings Increase

Domestic landings of ocean perch during the second quarter were 7 million pounds (fillet weight), 15 percent above second quarter 1970. During the summer landings slacked off, largely due to the diversion of fishing effort to other species. Many of the vessels in the New England ocean perch fishery switched to whiting in August. Fishermen received 1/2 cent per pound more for whiting than ocean perch this summer.

Holdings Remain High

Inventories of ocean perch on January 1, 1971, were a record 21.3 million pounds for that date and contributed to higher supplies during the first three quarters. Processors have had more than ample quantities to satisfy demand this year as indicated by high inventory-to-consumption ratios (fig. 6). Wholesale prices for ocean perch fillets declined in August and September, after remaining above 1970 prices for most of this year.

Table 16.-- Supplies and utilization of ocean perch, by month, 1970-71

(fillet weight)

Year	Supplies						Utilization		
	Beginning stocks	Landings			Imports	Total	Ending stocks	Apparent consumption	
		Atlantic	Pacific	Total				Total	Per capita
	Million pounds								Pounds
1970									
January	16.4	1.0	1/	1.0	5.5	22.9	13.5	9.4	0.046
February	13.5	1.1	1/	1.1	1.8	16.4	9.4	7.0	.034
March	9.4	1.5	.1	1.6	3.0	14.0	6.4	7.6	.038
1st qtr.	16.4	3.6	.1	3.7	10.3	30.4	6.4	24.0	.118
April	6.4	1.5	.1	1.6	1.5	9.5	5.6	3.9	.019
May	5.6	1.7	.4	2.1	1.1	8.8	3.9	4.9	.024
June	3.9	1.6	.8	2.4	3.3	9.6	3.8	5.8	.029
2d quarter	6.4	4.8	1.3	6.1	5.9	18.4	3.8	14.6	.072
July	3.8	2.0	.4	2.4	5.4	11.6	6.5	5.1	.025
August	6.5	1.5	.4	1.9	8.3	16.7	10.7	6.0	.030
September	10.7	1.7	.5	2.2	9.8	22.7	13.1	9.6	.047
3d quarter	3.8	5.2	1.3	6.5	23.5	33.8	13.1	20.7	.102
October	13.1	1.2	.5	1.7	5.8	20.6	15.9	4.7	.023
November	15.9	1.0	.5	1.5	4.5	21.9	19.3	2.6	.013
December	19.3	.8	.3	1.1	4.1	24.5	21.3	3.2	.016
4th qtr.	13.1	3.0	1.3	4.3	14.4	31.8	21.3	10.5	.052
Year	16.4	16.6	4.0	20.6	54.1	91.1	21.3	69.8	.344
1971 2/									
January	21.3	.7	1/	.7	7.6	29.6	17.5	12.1	.059
February	17.5	.9	.1	1.0	2.1	20.6	15.1	5.5	.027
March	15.1	1.4	.1	1.5	3.3	19.9	10.7	9.2	.045
1st qtr.	21.3	3.0	.2	3.2	13.0	37.5	10.7	26.8	.131
April	10.7	2.1	.1	2.2	2.3	15.2	8.5	6.7	.033
May	8.5	2.1	.1	2.2	1.8	12.5	7.6	4.9	.024
June	7.6	2.2	.4	2.6	4.8	15.0	8.6	6.4	.031
2d quarter	10.7	6.4	.6	7.0	8.9	26.6	8.6	18.0	.088
July	8.6	1.7	.3	2.0	5.6	16.2	10.9	5.3	.026
August	10.9	1.7	.3	2.0	6.0	18.9	15.4	3.5	.017
September	15.4	1.7	.3	2.0	11.8	29.2	17.6	11.6	.056
3d quarter	8.6	5.1	.9	6.0	23.4	38.0	17.6	20.4	.099
October	17.6								
November									
December									
4th qtr.									
Year									

1/ Less than 50,000 pounds.
2/ Preliminary.

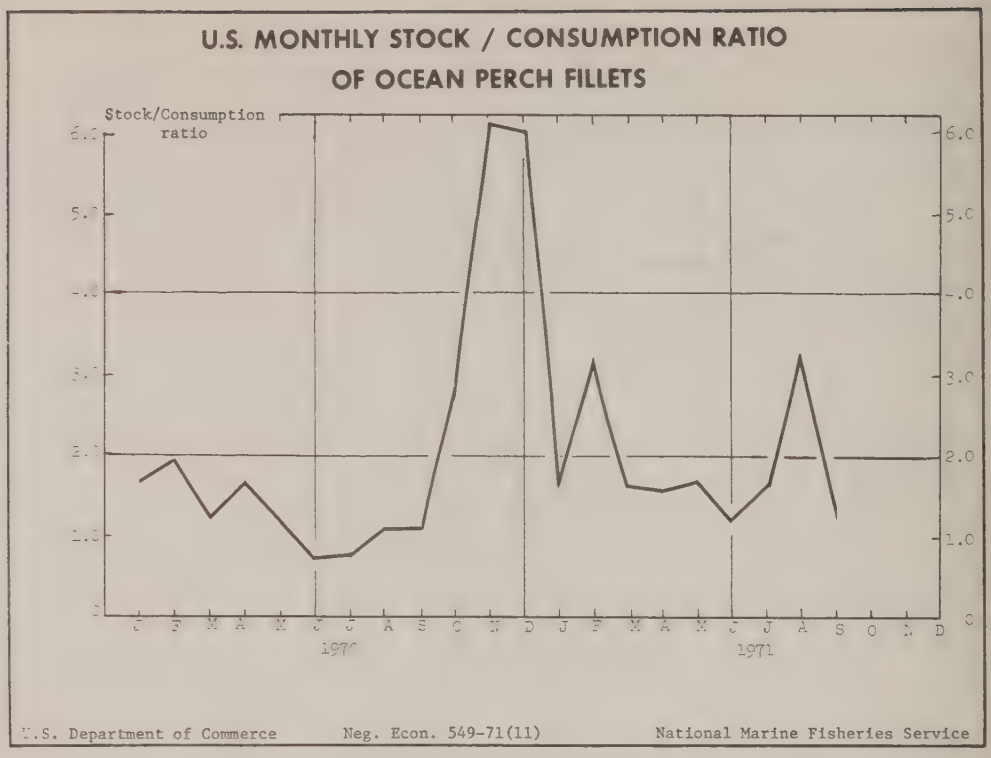

Figure 6

Imports Up

Imports of ocean perch fillets during the first three quarters of 1971 were 45.3 million pounds--14 percent higher than last year. Through August, Canadian landings of ocean perch were about the same as last year. United States imports of ocean perch from Canada were 14 percent higher this year through August. Nearly all Canadian landings of ocean perch are exported to the United States. With landings unchanged this year in Canada, imports were able to increase primarily because a larger precentage of these imports were coming out of Canadian inventories.

Demand

Consumption Up

Consumption of ocean perch fillets has been unconstrained by supplies this year, while wholesale prices remain at levels comparable with 1970 (table 17). Although retail prices have increased, consumption during the first three quarters of 1971 was 65.2 million pounds--10 percent higher than last year. One possible explanation is that purchasers are beginning to consider ocean perch as a substitute for cod and haddock to an increasing degree.

Table 17.-- Monthly exvessel, wholesale, and retail prices of ocean perch, 1968-71

Month	Exvessel price 1/				Wholesale price (frozen fillets) 2/				Retail price (frozen fillets) 3/			
	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
	Cents per pound											
January	3.6	3.8	5.0	5.4	27.5	28.5	35.5	37.5	54.4	54.6	59.4	69.1
February	3.6	3.8	4.6	5.1	26.5	28.5	35.5	37.5	54.6	53.8	61.3	70.9
March	3.7	3.8	4.6	5.1	26.5	27.5	35.5	37.5	53.7	53.8	61.6	71.7
April	3.9	3.9	4.5	5.0	26.5	29.0	36.5	37.5	53.6	54.2	63.2	72.7
May	3.8	4.0	4.5	4.8	27.0	29.0	37.5	37.5	53.8	54.7	63.3	73.5
June	4.0	4.3	4.9	5.1	27.0	29.0	37.0	36.6	53.8	55.3	63.8	73.7
July	4.0	4.4	5.2	5.3	28.0	29.5	37.0	38.2	54.6	55.4	64.0	73.5
August	4.0	4.4	5.4	5.2	27.5	30.0	37.0	35.7	54.3	56.2	65.7	73.3
September	4.0	4.4	5.4	5.2	27.3	30.0	37.0	35.6	50.8	57.0	65.6	73.2
October	3.9	4.4	5.4		27.0	32.0	38.5		54.8	57.5	66.3	
November	3.9	4.6	5.5		27.0	34.0	38.5		54.5	57.8	66.6	
December	3.8	4.3	5.5		28.0	35.0	37.5		54.5	58.4	68.5	
Average	3.8	4.2	5.0		27.1	30.2	36.9		53.9	55.7	63.2	

1/ Weighted average at principal New England ports.
2/ Skins on, 1-lb. package, at Boston.
3/ Bureau of Labor Statistics, 46-city U.S. average price.

HALIBUT

Supplies

Total supplies of halibut during the first three quarters of 1971 were an estimated 56.5 million pounds, compared with 61.3 million pounds in 1970 (table 18). Reduced landings this year more than offset slightly larger inventories at the start of 1971.

Landings Off a Third

U.S. landings of halibut through September were an estimated 17.5 million pounds (dressed weight)--a drop of almost a third from 1970 and 1969. The 1971 landings of the United States and Canada will fall considerably short of the 50-million-pound quota set by the International Pacific Halibut Commission.

Prices

In May of this year, the domestic wholesale price for 5-pound packages of domestic ocean perch fillets dipped below the Canadian price for the first time in over a year, and remained below Canadian prices through August.

The wholesale market for ocean perch fillets is the only major fillet market in which the domestic product commands a lower price than the Canadian product. Retail prices of ocean perch fillets have been averaging almost 10 cents per pound higher than 1970 through October.

Table 18.-- Supplies and utilization of Pacific halibut, by month, 1970-71

(dressed weight)

Year	Supplies				Utilization		
	Beginning stocks 1/	Landings	Imports	Total	Ending stocks 1/	Apparent consumption	
						Total	Per capita
	Million pounds						Pounds
1970							
January	14.9	-	1.3	16.2	12.4	3.8	0.018
February	12.4	-	1.6	14.0	9.0	5.0	.025
March	9.0	-	2.1	11.1	6.2	4.9	.024
1st quarter	14.9	-	5.0	19.9	6.2	13.7	.067
April	6.2	.2	1.8	8.2	4.8	3.4	.017
May	4.8	6.2	2.0	13.0	8.9	4.1	.020
June	8.9	6.1	4.0	19.0	13.3	5.7	.028
2d quarter	6.2	12.5	7.8	26.5	13.3	13.2	.065
July	13.3	5.4	2.8	21.5	17.2	4.3	.021
August	17.2	4.2	2.5	23.9	21.7	2.2	.011
September	21.7	2.8	3.4	27.9	21.6	6.3	.031
3d quarter	13.3	12.4	8.7	34.4	21.6	12.8	.063
October	21.6	.6	3.4	25.6	21.8	3.8	.019
November	21.8	.6	1.3	23.7	19.0	4.7	.023
December	19.0	-	1.5	20.5	17.0	3.5	.017
4th quarter	21.6	1.2	6.2	29.0	17.0	12.0	.059
Year	14.9	26.1	27.7	68.7	17.0	51.7	.254
1971 2/							
January	17.0	-	1.0	18.0	11.7	6.3	.031
February	11.7	-	1.1	12.8	10.5	2.3	.011
March	10.5	-	1.9	12.4	6.5	5.9	.029
1st quarter	17.0	-	4.0	21.0	6.5	14.5	.071
April	6.5	.2	2.1	8.8	5.2	3.6	.017
May	5.2	4.3	1.3	10.8	5.9	4.9	.024
June	5.9	4.9	3.4	14.2	11.5	2.7	.013
2d quarter	6.5	9.4	6.8	22.7	11.5	11.2	.054
July	11.5	4.1	3.4	19.0	14.6	4.4	.021
August	14.6	3.0	3.3	20.9	15.9	5.0	.024
September	15.9	1.0	4.5	21.4	17.3	4.1	.020
3d quarter	11.5	8.1	11.2	30.8	17.3	13.5	.065
October	17.3						
November							
December							
4th quarter							
Year							

1/ Sum of dressed halibut, together with fillets and steaks converted to dressed weight.
2/ Preliminary.

Among the reasons for lower halibut landings were:

(a) Lower exvessel prices in 1971--prices this year are averaging 8 cents a pound below 1970 after wholesalers' margins were narrowed last year because of higher exvessel price.

(b) Resultant lower catch of halibut per unit of effort, because of less abundance, and

(c) The increasing transfer of halibut fishermen to the albacore tuna fishery this year. They were spurred on by record high albacore prices of $630 per ton.

Slight Shift in Landing Patterns Seen

Canada increased her share of total halibut landings in 1971 to around 55 percent, compared to 53 in 1970. Also, in 1971, a larger percentage of U.S. halibut catches were landed in Alaskan ports. This is primarily because the differential in prices received for halibut between Seattle and Alaskan ports has narrowed somewhat this year. Seattle exvessel prices are, as a rule, substantially higher than in Alaska, because of longer distances to fishing grounds and higher vessel costs. As a result, halibut landings at Seattle through September were the lowest in over 25 years.

Inventories Moderating From 1970

High exvessel prices for halibut last year caused processors to raise prices to their distributors. These distributors were unwilling to pay higher prices for halibut because of strong price competition in the wholesale markets. Because of the prospect of reduced margins, processors of halibut were faced with a buildup of inventories in the summer of 1970 (fig. 7).

January 1971 carryovers were somewhat lower than in the fall of 1970, but still 2 million pounds higher than in January 1970. With lower exvessel and wholesale prices in effect during the 1971 season, plus lower landings, inventories of halibut on October 1 were only 17.3 million pounds--4.4 million pounds lower than last October.

Demand

Prices Lower--Consumption Off a Little

Wholesale prices for halibut steaks in the first three quarters of 1971 ranged from 2 to 5 cents per pound lower in New York markets than in 1970 (table 19). Halibut is one of the few fisheries in which prices have declined this year. Wholesale prices were able to drop because exvessel prices at the beginning of the 1971 season had declined. With these decreases, apparent consumption of halibut was 39.2 million pounds, almost 4 million pounds higher than in 1970.

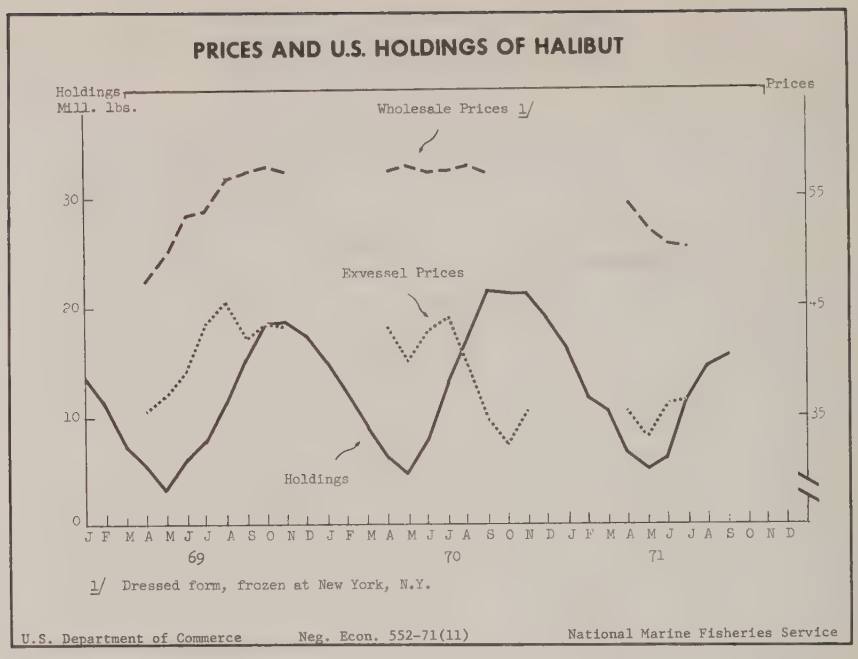

Figure 7

Table 19.-- Wholesale prices of Pacific halibut, monthly 1968-71 1/

Month	1968	1969	1970	1971
	Cents per pound			
January	39.0	41.3	56.5	54.2
February	34.5	41.3	56.5	54.2
March	34.5	43.0	56.5	55.0
April	34.5	47.0	57.5	53.0
May	34.3	47.0	56.5	53.0
June	37.2	58.0	56.5	53.0
July	39.4	62.0	57.5	53.1
August	41.6	62.0	57.0	53.1
September	40.6	66.0	57.3	53.1
October	45.2	60.0	56.7	53.5
November	38.5	63.0	55.3	
December	39.0	58.0	54.9	
Average	38.2	54.1	56.9	

1/ Dressed form, frozen at New York, N.Y.

SALMON

Troll Landings Up

Troll salmon landings through August of 1971 have shown increases over 1970. Troll-caught king salmon totaled 2.7 million pounds, about a third higher than last year. Troll silver landings were 4.5 million pounds for the January-August period, compared to 3.4 million pounds a year ago.

Exvessel Prices Off

Salmon trollers are in much the same pricing position as halibut fishermen this summer. Good troll landings in 1970, coupled with record high exvessel prices for both king and silver salmon, caused inventories to accumulate as market resistance to high prices was met, both here and in Europe. High carryovers of frozen salmon at the beginning of 1971 resulted in lower prices at the start of the 1971 season. Exvessel prices for troll-caught king salmon have been running 15 to 16 cents per pound lower than in 1970, while prices for silvers this year are from 10 to 24 cents lower than last year.

Inventories Still Heavy

Even in light of lower prices, cold storage holdings of dressed and drawn salmon have not declined to any great extent. Inventories on January 1, 1971, were 22.4 million pounds, almost triple 1970 beginning stocks. Inventories dropped to a seasonal low of 9.2 million pounds on June 1, but still more than three times higher than last year. By October 1, 25.9 million pounds were in storage, compared to 24.9 million pounds last year (fig. 8).

Prices Decline

In an effort to move stocks, wholesale prices for frozen salmon this past summer were running 10 to 15 cents per pound lower than last year (table 20). However, partially because of the unusually good troll

Table 20.--Wholesale prices for dressed salmon monthly, 1969-71

Month	King 1/			Silver 2/		
	1969	1970	1971	1969	1970	1971
	Cents per pound					
January	118.8	127.5	136.0	82.9	96.4	103.0
February	117.5	127.5	136.0	87.5	97.5	100.1
March	117.5	128.0	130.0	85.0	97.5	97.5
April	117.5	127.5	129.0	85.0	100.0	96.2
May	119.0	130.6	125.0	85.0	98.8	83.0
June	119.0	131.9	121.3	85.0	97.5	80.0
July	118.0	140.0	121.9	85.0	105.0	80.0
August	121.0	144.1	119.0	89.0	107.5	80.0
September	124.0	143.6	118.8	87.9	108.3	80.0
October	122.0	140.0		93.0	110.0	80.0
November	123.0	140.0		95.0	110.0	
December	125.0	136.0		95.0	103.2	

1/ - Source: Bureau of Labor Statistics.
2/ - New York - primarily f.o.b. warehouses.

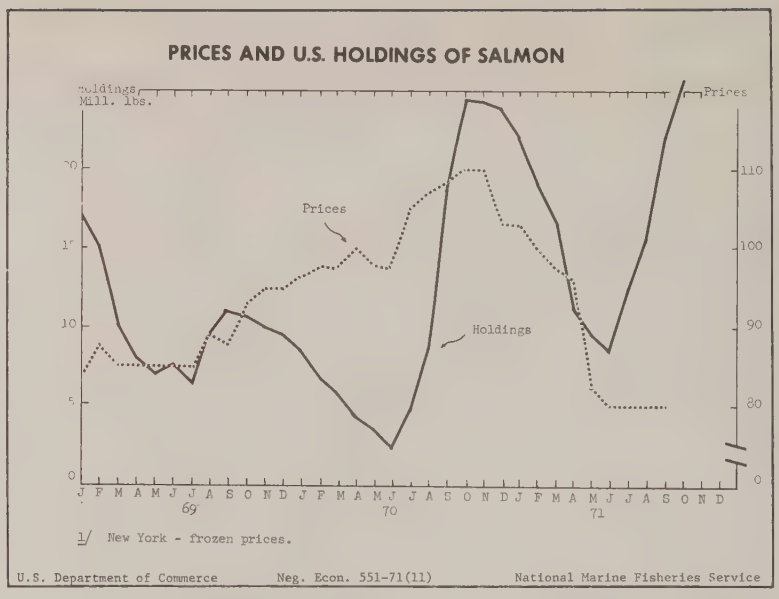

Figure 8

season, inventories have been building at a faster rate than lower prices are able to move them out.

Consumption
Steady

Consumption of dressed salmon in the first three quarters of 1971 remained about even with last year, and for this reason heavier landings are causing stocks to accumulate. Consumer resistance in domestic and European markets should lessen this year, as prices remain lower than year-ago levels.

World Groundfish Situation

Exports of groundfish and flatfish products to the United States in 1970 and 1971 continued to be dominated by Canada, Iceland, Denmark, and Norway. These countries accounted for 84 percent of our block imports in 1970, and 76 percent in 1971. These nations also represented 90 percent of our fillet imports in 1970, and slightly less in 1971.

Canada

Canadian groundfish landings through August 1971 declined for all major species. Cod landings were down 17 percent to 301 million pounds (drawn weight), compared to 363 million pounds in 1970. Flounder landings showed a 16-percent decrease, while ocean perch landings are just keeping pace with last year. Despite a generally short landings year, Canada's freezings of blocks and slabs were 79.1 million pounds during the first 8 months of the year, compared to only 63.3 million pounds in 1970. Freezings of fillets were also substantially above 1970. Freezings are up because of the attractive prices in the United States frozen market; also, a slightly larger than normal percentage of landings went to the frozen markets, as opposed to salt fish markets. Both fillets and blocks were heavily exported to the United States this summer as prices for these items on the U.S. market rose steadily--a reflection of scarce supplies and strong demand.

With heavy exports of fillets and blocks to the United States in July and most major harvesting seasons now closing, groundfish inventories in Canada have worked down to levels substantially below the low holdings of last year (table 13).

Prospects for the 1972 harvesting season show little sign of improvement, and will do well to match this year's harvest. According to biologists of the Fisheries Research Board of Canada, cod landings in Newfoundland show little promise for the next few years. The primary reason for declining landings has been attributed to competition from foreign fishing in both the inshore and offshore fishery.

Norway

Norway gained a slightly greater share of the United States groundfish fillet market at the expense of Iceland, but lost some ground in the block market. Through September, Norway accounted for 9.2 percent of fillet imports and 21 percent of block imports, compared with 7.6 percent and 30 percent respectively in 1970.

Cod remains the major Norwegian export to the United States. Cod catches in Norway are divided into two categories--spawning cod and Finmark young cod. The fishery for spawning cod is at its peak from January through April, off of the northern Norway coast. Finmark young cod are fish that are immature. The fishing season for Finmark cod begins in March and April, when the spawning cod season is closing.

Norwegian landings of cod and pollock in the spring and summer of 1971 increased markedly over 1970, while the trend for haddock was downward. Catches of spawning cod were 153,000 metric tons in the spring season, more than 50 percent above 1970 catches. A large portion of this catch, however, was salted.

Iceland

Iceland, a major exporter of cod fillets and blocks to the United States, experienced a decline in landings in the first 8 months of 1971. Icelandic landings of cod during January-August 1971 were 345,000 metric tons, compared with 390,000 tons for the comparable period in 1970. Iceland captured a dominant position in the United States cod block and fillet markets in the latter part of 1970, when these commodities were in extremely short supply in the United States. In 1971, however, Iceland has dropped back to second, behind Canada and just ahead of Norway as prime suppliers of fillets and blocks to the United States markets.

During the first 6 months of 1971, Icelandic exports of frozen fish fillets decreased by 16 percent, while salted fish exports increased by 20 percent. Because of limited cod supplies, Iceland's market for frozen fillets and blocks are substantially affected by any growth or decline in the salted fish market.

Iceland has announced a 50-mile national limit for fishing to go into effect September 1972. This limit was deemed necessary by the Icelandic government because of the importance of fishing to that

nation's economy. In addition to accounting for well over a third of Iceland's gross national product, fish represents 85 percent of her total export trade. The 50-mile limit may help to maintain exports to the United States at levels higher than they might have been had Iceland not undertaken this action.

Denmark, Greenland, and the Faroe Islands

Denmark, in 1971, has increased its exports of groundfish products to the United States substantially over 1970. Through August of 1971, Denmark exported to the United States 25.2 million pounds of fish blocks, mostly cod, almost double last year's figure. The Faroe Islands and Greenland are also exporting large quantities of groundfish to the United States. The Faroes have exported to the United States 3 million pounds of cod blocks and almost a million pounds of pollock blocks through August. This equals the total of 1970 exports for the same period. In the past 2 years, however, exports of frozen fish from the Faroes has quadrupled due to improved inshore fishing and the addition of modern factory trawlers.

Faroe exports may be further aided in the future because of the merger of their largest export organization with Icelandic exporters. This may offer opportunities for better sales possibilities in this country and other world markets.

Greenland exports of blocks to the U.S. totaled 3 million pounds for January-August 1971--about a third higher than last year.

Impact of the New Economic Policy on the Fishing Industry

Phase I

Many sectors of the fishing industry are being affected substantially by the President's Economic Policy, depending upon:

(a) The seasonal nature of the fishery.

(b) Whether the fishery products qualify for the raw agricultural commodity exemption.

(c) The extent to which the segments are supplied, by imports, e.g., the groundfish industry.

Effect of the Wage-Price Freeze on Highly Seasonal Fisheries

Among the most critically affected sectors were those whose fishing seasons began during the period of the freeze--August 15-November 13, and those whose seasons peaked in July. Included are such fisheries as king crab, oysters, canned salmon, and anchovies. These sectors were adversely affected because the price freeze prevented them from reflecting the new season's higher raw product, labor and material costs. They were forced to remain at selling prices which reflect last year's lower costs. The recourse for processors was either to try to live with the reduced operating margins, reduce sales, or try to "roll back" fish

costs to the harvesting sector. Neither alternative was satisfactory for the parties concerned.

Raw Fishery Products Exemption

The President's Cost of Living Council ruled that raw agricultural commodities were exempt from the wage-price freeze, until such time as they are processed. Their specific ruling regarding fishery products was that "all fishery products are exempt until they are shucked, shelled, skinned, or scaled." Fishermen and vessel owners which were exempt from the freeze, still had to sell their products primarily to processors who were covered by the freeze. This could very well mean an implicit limitation on the harvester's selling price if the processor offered the harvester the same or less for his product. This could negate the exemption which the harvester was granted. At present, not enough data is available to determine if the harvester has been faced with lower prices as a result of the freeze.

Industries With Heavy Imports, e.g., Groundfish Fillets and Blocks

In the case of the groundfish industry, possible effects of Phase I are being complicated by increasing competition for short world supplies of many species. Because block and fillet imports have increased substantially this summer, buyers have been able to stockpile greater quantities to insure against being in the same precariously short supply position as last fall.

Consequently, larger quantities of blocks and fillets were stockpiled earlier than usual this year. Freezes on prices until at least November 13, in the case of sticks and portions, for example, may motivate processors to delay at least a portion of their sales until after that date. Thus, with product stored earlier than usual and sold later than normal, more capital is tied up in inventories and a substantial increase in storage and financing costs are incurred.

Prior to the August 15 freeze, domstic processors and distributors had the option of either absorbing increases in their cost of fish or passing them on to the consumer in the form of higher prices, as demand warranted. During Phase I, this choice has been taken away in many instances. With processors or distributors faced with some reductions in operating margins for the 90-day period of the freeze, as well as accumulated storage costs, they may have little recourse if prices are controlled after November 13. If, however, Phase II guidelines permit another round of substantial price increases following those of 1970 and 1971, more consumer resistance may be encountered.

In order to assist those domestic industries which are competing with imports to a large degree, the President's economic policies in Phase I have placed certain sanctions on imports.

Sanctions on Imports

The President's policies which are intended to place a higher price tag on imports work in three possible ways:

(A) Realignment of Exchange Rates

(B) The Import Surcharge

(C) The Exemption of Selected Imports from the Freeze

(A) Realignment of Exchange Rates

The sanction which is expected to have the greatest impact is devaluation of the U.S. dollar in relation to currencies of major exporters of fish to the United States. Countries which are apparently having the largest revaluation presently are Japan and Norway. Japan's yen has been revalued by a little over 7 percent relative to the U.S. dollar as of October 1971. United States imports of Japanese fishery products, primarily tuna and shrimp, were 363 million pounds in 1970, or around 24 percent of total United States imports. A 7-percent increase in Japanese prices added on to a substantial surtax increase on some canned products could cause consumers to turn to alternate products. Because of increased international competition for world supplies, an overall decline in domestic consumption of shrimp and tuna is a possibility.

Although Norway's present revaluation is only around 4 percent, this may be sufficient to eventually raise prices to the point that some domestic fillets may be slightly more competitive. U.S. imports of Norwegian products in 1970 were 125 million pounds, or 7 percent of our total imports.

(B) Surcharge

The effect of the surcharge on imported products is expected to have its most substantial impact on those items which have an ad valorem duty.

Of the total U.S. imports of fishery products in 1970 of 1.8 billion pounds, only around 50 percent of volume are dutiable and thus subject to the surcharge. The impact of the surcharge in most fisheries cases will not amount to 10 percent because of statutory limitations established by the Presidential proclamation of August 16, 1971. The maximum allowed duty is often less than 10 percent of the value of the import. Imported fish blocks, for example, have had a 1-cent surcharge added to their price since August 15. The 1-cent surcharge amounts to the difference between the old tariff of .2 cents per pound and the statutory limit of 1.25 cents. Since the price of cod blocks, for example, is 45 cents, the surcharge increase is only around 2 percent.

In 1970, Canada's fish exports to the United States amounted to $101 million. The estimated increase in price due to surcharge is only around 3 percent.

(C) Freeze Exemptions for Imports

In an effort to place domestic industries in a more viable competitive position with imports, the President has allowed any price increases on imports to be passed on to the ultimate consumer, provided the product does not change its physical form once it enters the United States. To what extent these price increases have been passed on or absorbed by middlemen is still not clear in all cases; but depends, in large part, on the strength of demand for that particular product.

Short Run Impact on Groundfish--Prices and Imports Continue in Same Patterns

Only about 11 weeks have passed since the initiation of the President's Economic Policy--Phase I. Its impact on the domestic groundfish industry has not been fully assessed. However, during this August 15-November 1 period, market conditions appear essentially unchanged. The movement of prices for most imported fillets and blocks continues in the same pattern (table 21).

Increases in prices since the freeze have been of about the same magnitude as those occurring in the months prior to August 15. All major shippers of fillets and blocks to the United States, thus far, have elected to pass on little further price increase other than the surcharge.

Phase I policies have not had any substantial affect on restricting the quantity of imports entering the U.S. since August 15. Because of the relatively attractive prices in domestic wholesale markets and strong demand on the part of U.S. buyers, imports in August and September continued high.

Imports of selected groundfish products for the third quarter are shown below:

Year/ Product	July	Aug.	Sept.
	- - - Million pounds - -		
Total blocks			
1969	33.1	33.9	24.9
1970	26.3	28.6	15.9
1971	47.1	31.9	36.6
Cod fillets			
1969	-	-	-
1970	6.7	7.9	8.8
1971	9.0	5.4	11.0
Ocean perch fillets			
1969	-	-	-
1970	5.4	8.3	9.8
1971	5.6	6.0	11.8
Flounder fillets			
1969	-	-	-
1970	4.7	5.8	5.7
1971	5.8	5.8	7.1

Possible Longer Range Effects of Sanctions on Imports

If guidelines under Phase II are delayed to any great extent, Phase I policies will remain in effect. The longer run impact of the continuance of these policies, particularly in those industries with large imports, may manifest itself in two ways:

(A) Prices Increase for Imports --Demand Remains Strong

For fishery products which are mostly imported, such as fillets, the Policy objective of assisting domestic industries in becoming more competitive may be hindered. Since August 15, prices of domestic fillets have not been allowed to move upward. However, price increases for imported fillets were allowed.

Because there are often no close substitutes for the imported product, and the product is consumed on the basis of characteristics in addition to price, the quantity demanded does not decline significantly as price increases.

Table 21.--Wholesale price of selected blocks and fillets--before and after price freeze

Item/ country	August Pre-freeze	August Post-freeze	September	October	Change in tariff due to surcharge	Price change Aug. 1-Oct.
	Cents per pound					
Cod blocks	44.0	45.0	45.0	45.0	+1.05	+1.00
Flounder blocks	41.5	42.5	42.5	43.0	+1.05	+1.50
Haddock blocks	44.5	46.0	46.0	46.1	+1.05	+1.60
Flounder fillets; Canadian 5-lb.	48.7	51.0	51.1	52.0	+2.20	+3.30
Cod fillets; Canadian 5-lb.	46.3	47.0	48.4	46.0	+ .625 2/	- .30
Cod fillets; Norwegian 5-lb.	55.0	55.0	55.0	55.0	+ .625 2/	—
Haddock fillets; Canadian 1-lb.	59.2	60.0	60.0	60.0	+ .625 2/	+ .80
Haddock fillets; Norwegian 5-lb.	56.5	56.5	56.5	56.0	+ .625 2/	- .50
Pollock fillets; domestic 5-lb.	32.5	32.5	32.5	—	—	—
Pollock fillets; Canadian 5-lb.	33.5	33.5	33.5	33.5	+ .625 2/	—
Ocean perch fillets; domestic 5-lb.	34.0	34.0	34.6	34.5	—	+ .50
Ocean perch fillets; Canadian 5-lb.	36.0	36.0	33.5	35.0	+ .625 2/	-1.00
Halibut 1/	50.0	50.3	52.1	53.3	+2.20	+3.30

1/ - Dressed weight
2/ - Applies only to fillets entering U.S. below quota

If the quantity of imports demanded declines at a slower rate than prices increase, then the new policy will increase revenues for foreign producers. At the same time, if prices for domestically produced fillets are frozen, and consumption does not expand significantly, domestic producers' revenues remain relatively stable.

(B) Prices Increase for Imports --Quantity Demanded Declines Significantly

The freezing of prices for domestic groundfish products was intended to place certain sectors of the industry in a more price-competitive situation with imports. The domestic groundfish industry, however, would benefit from such a situation only when:

(a) the prices of imports increase to the point that either the domestic processor or distributor could not afford them, or consumer resistance is met, if the price increase is passed on, and

(b) the domestic producing industry is able to supply a sufficient volume of products to meet requirements of domestic demand, in the absence of imports.

If imports of groundfish were kept from the U.S. market because of high price, and the domestic harvester could not supply sufficient volume, the U.S. distributor would be operating at far less than full capacity; he may then have to raise the price of the domestic product in order to cover overhead costs.

Table 22.--Wholesale price change of selected fishery products 1970-71

Item	Jan.-Mar.		Percentage	April-June		Percentage	July-Sept.		Percentage	Jan.-Sept.		Percentage
	1970	1971		1970	1971		1970	1971		1970	1971	
	Cents per pound		%	Cents per pound		%	Cents per pound		%	Cents per pound		%
Cod blocks	26.8	40.0	+49	29.0	40.5	+40	29.8	44.1	+48	28.5	41.5	+46
Haddock blocks	36.5	41.9	+15	36.1	42.6	+18	37.3	45.5	+22	36.6	43.3	+18
Cod portions	37.7	50.2	+33	39.1	53.2	+36	41.5	55.8	+34	39.4	53.1	+35
Haddock portions	48.5	54.3	+12	48.7	56.2	+15	50.9	59.1	+16	49.4	56.5	+14
Cod sticks	55.0	66.1	+20	57.8	66.3	+15	58.0	71.0	+22	56.9	67.8	+19
Haddock sticks	59.7	66.7	+12	58.6	66.7	+14	58.6	72.2	+23	59.0	68.5	+16
Wholesale flounder fillets 1/	53.3	48.8	- 8	53.7	47.8	-11	53.3	49.7	- 7	53.4	48.8	- 9
Cod fillets 2/	34.3	42.5	+24	34.5	44.2	+28	34.6	47.1	+36	34.5	44.6	+29
Haddock fillets 3/	55.0	57.3	+ 4	54.0	55.3	+ 2	53.8	55.5	+ 3	54.3	56.1	+ 3
Pollock fillets 4/	28.3	42.7	+51	29.3	38.3	+31	33.7	39.8	+18	30.4	40.3	+32
Ocean perch fillets 5/	35.5	37.5	+ 6	37.0	37.2	+ 1	37.0	36.5	- 1	36.5	37.1	+ 2
Dressed halibut	56.5	54.5	- 4	56.8	53.0	- 7	57.3	53.1	- 7	56.9	53.5	- 6

1/ Skinless 5-lb. package, Canadian, at Boston, Mass.
2/ Skinless 1-lb. package, Canadian, at Boston, Mass.
3/ Canadian skin-on 1-lb. package at Boston, Mass.
4/ Skinless Canadian 5-lb. package, at New York City Fulton Market.
5/ Skin-on 1-lb. package at Boston, Mass.

Phase II

Phase II of the President's Economic Policy is scheduled to begin on November 13 under general economic ground rules drawn up by a tri-partite Pay Board (labor, business, public) and the public-member Price Commission. Until specific guidelines are established, either by the two groups, or on an interim basis by the Cost of Living Council, all Phase I policies will remain in effect.

Compliance Procedure

Final rulings in Phase II will be up to the 7-man Price Commission and the 15-member Pay Board, administration officials have referred to a 3-category reporting structure for establishing wage and price increases. Category 1 will include the largest companies in the country--possibly between 500 and 1,000. These will have to report price and wage increases in advance. The list may include companies whose annual revenues exceed $100 million, those companies who play a "significant" role in their particular sector, or companies which are in industries with a high degree of concentration. Measures of concentration being considered include the following: physical quantities sold, size of plant, share of market, number of employees, dollar sales, visibility, or any combination of the above.

Category 2 will include companies (possibly 6,000 to 10,000) who will be required to regularly report any price or wage increases according to criteria laid down by the commissions, but these companies will not have to hold up their increases until decisions by the Commissions are made.

The rest of the 10 million or so companies will not have to report wage and price increases, but must follow criteria established and will be subject to spot checks.

Large Fish Processors

Administration officials have stated that the largest firms would have to request specific permission from the Price Commission and Pay Board before prices or wages can be raised. Domestic fish processors would not normally fall in this classification. But there are several who, by virtue of being subsidiaries of large corporations, may be subject to *de facto* price and wage freezes until their requests for increases are specifically reviewed by the Price Commission and Wage Board. In grouping companies in three broad categories on the basis of some criteria, such as size, it is still not clear whether the criteria used would apply to the entire company or to each of their divisions or subsidiaries. It is conceivable that those divisions which can be considered as distinct corporate entities, may be handled separately from their parent companies.

Domestic producers of sticks and portions who are subsidiaries of larger corporations represented a little over half of the total value and slightly less than 50 percent of volume in 1970.

If planned price increases for this portion of the industry are delayed due to the workload of the boards in Phase II, competition could hold prices fairly stable for the rest of the industry. If prices

are still temporarily frozen after November 12, most probably production of sticks and portions will not be delayed. Order commitments will still have to be met. If block exporters raise prices, however, margins of producers may be narrowed somewhat. These developments in Phase II may hasten the move on the part of stick and portion producers to less expensive block substitutes, or possibly to rapid development of new product lines which would be permitted new price ceilings.

Permissible Price Increases

According to broad criteria established by administration officials thus far, Phase II guidelines will aim for a goal of holding price increases to 2 to 3 percent annually. For this objective to be reached, wage increases will have to be permitted only when they are closely related to productivity. Thus, it would appear that decisions made by the Price Commission regarding any particular industry could not stray far from Pay Board rulings.

Another important issue at this time is whether productivity standards, as well as allowances for wage and price increases, will be established on an industry rather than national basis. At present, it appears that a combination of some numerical standard, plus case-by-case approaches is the most likely procedure. Within the fishing industry opportunities for increasing productivity will vary considerably. These would depend upon such factors as the degree of mechanization, plant size, nature of product line, and so forth. This emphasizes the desirability of handling cases on a firm-by-firm basis.

Those firms in the fishing industry whose labor costs represent a high percentage of total cost will most likely be the least able to absorb allowable wage increases before raising prices.

Although 2 to 3 percent is the generally mentioned price increase goal, officials have emphasized that this figure represents an average and that most probably price increases higher than this rate will be allowed in certain instances. In other cases, for example, when productivity gains are substantial, prices may be expected to hold the line, or possibly even decline. Table 22 indicates annual rates of price changes for various segments of the fishing industry during the past year.

Addendum

5.5 Percent Increase Set

On November 9, the Pay Board, under the chairmanship of George Boldt, announced that 5.5 percent would be the maximum allowable annual rate of growth for all wages, in contracts signed after November 13. This guideline, however, is subject to periodic review.

All existing contracts which include deferred wage increases in the future, are allowed at the contracted rate of increase, and will go into effect after November 13. These deferred wage increases, however, may be challenged by "any interested party" or by at least 5 members of the pay board; the board will then rule on the case using criteria established previously. At present, the Bureau of Labor Statistics estimates that 5.8 million workers are eligible for deferred wage increases, at an average annual growth rate of 6.1 percent.

OUTLOOK

BLOCKS, STICKS AND PORTIONS

Larger Role for Alternate Species

On October 1, 1971, block holdings were a record 74.2 million pounds. Cod blocks represented only about 50 percent of total block holdings. This percentage has been declining since May, when cod accounted for three-fourths of block inventories.

The prospect of further possible increases in the price of cod blocks is causing an intensified search for blocks made from alternate, lower priced species. Inventories of blocks in Canada and Scandinavian countries are at best equal to last year.

Cod blocks may represent a smaller percent of total block imports this winter than they did in the early summer.

Imports of Blocks Likely to be Down

U.S. imports of blocks in the last quarter of 1971 are expected to be between 60 and 65 million pounds, 5 to 10 million pounds higher than last year, but more than a third below the third quarter.

A decline in imports from the third quarter is predicted for the following reasons:

(a) Unusually large imports from Canada, Iceland, Denmark, and Norway this summer have reduced stock levels in these countries considerably.

(b) Any further revaluation of the currency of Norway, Canada, or Iceland and subsequent increase in prices of blocks may further reduce block imports. This is especially true now that domestic processors have fairly good supplies of blocks to last them through a good part of the fall and winter production season.

(c) To what extent domestic prices for sticks and portions may be subject to price controls will depend upon the guidelines established in Phase II of the President's policy. This will affect the ability of domestic processors to absorb price increases for blocks and might, to some extent, divert existing world supplies of blocks to European markets such as the United Kingdom and possibly West Germany.

Block Disappearance High

When and if the price freeze on sticks and portions is lifted, increases in block prices will most likely occur. If this is the case, a slightly higher percentage of production is expected to be fish portions. This is because of less price resistance in institutional markets in the recent past. Because of unusually high block inventories

on October 1, disappearance of blocks may approach 85 to 90 million pounds in the last quarter of 1971, compared to 78.6 million pounds in the fourth quarter of 1970, and 77.9 million in 1969. Inventories of blocks on January 1, 1972, will probably be close to 50 million pounds, about 7 million pounds higher than last year.

Production of sticks and portions may range from 95 to 100 million pounds in the last quarter of 1971, slightly higher than last year and around 10 million pounds higher than the third quarter of 1971.

To what extent consumer resistance will be encountered if prices of sticks and portions continue to climb is not known. If prices remain at October levels, however, sales of sticks and portions may be around 100 million pounds--9 million pounds above 1970, and 11 million higher than July-September this year. This would leave inventories on January 1, 1972, at about 17 million pounds, lower than last year by 8 million pounds.

If the wage-price freeze is lifted before the end of the year, prices for sticks and portions may rise. If the attempt is made to immediately recoup lost margins incurred during the freeze period, the price increases may be sufficient to curtail consumption, especially at retail. If prices rise at a slower rate than has been the case for the past 2 years, then consumption may suffer little and will probably rise.

A greater use of pollock, turbot, and whiting blocks to supplement the more expensive species may help to moderate price increases in the coming year.

FILLETS

Flounder Fillets

Landings of flounder during the fourth quarter are estimated at 7 million pounds (fillet weight)--30 percent below last year and reflecting the closure of the eastern yellowtail grounds in November.

Although the 1972 quarterly quotas for yellowtail have not been determined, it is known that the annual quota for the western grounds will be reduced to 10,000 metric tons. The western quota had little effect on landings this year, but the lowering of the quota in 1972 will probably restrict next year's landings.

Imports during the fourth quarter are estimated to be about 13 million pounds--nearly 4 million pounds less than fourth quarter 1970. Shorter supplies in Canada may be responsible for this expected decline in imports.

We estimate that consumption of flounder fillets during the fourth quarter will be about 22 million pounds--2 million pounds less than last year, leaving inventories on January 1, 1972, of 9 million pounds--approximately 7 million pounds less than at the start of this year.

Cod Fillets

The projected supply situation for cod this winter is dismal. Domestic landings will be seasonally low until next spring. We estimate that about 3.5 million pounds (fillet weight) of cod will be landed in the fourth quarter. Inventories will have to support consumption through the first quarter of next

year. Although prices may increase during the remainder of the year, this increase will likely have only limited success in attracting imports. The major United States suppliers of cod (Canada and Iceland) are also experiencing supply difficulties and are probably incapable of increasing their exports to any great extent. Imports from Norway and Denmark are expected to provide little relief. We estimate that imports of cod fillets during the fourth quarter will be about 16 million pounds.

Fourth quarter consumption of cod is expected to be about 25 million pounds, but will depend heavily upon the rate at which sellers allow inventories to be worked down. Last year, sales were 26.4 million pounds in the fourth quarter.

Haddock Fillets

Landings of haddock are expected to be only about 1 million pounds (fillet weight) in the fourth quarter--well below last year.

Consumption of haddock fillets during the fourth quarter is estimated at about 8.5 million pounds--2.4 million pounds more than fourth quarter 1970. This increase is expected to occur as existing high inventories decline. As inventories are worked down late this year, a seller's market could recur. Should this happen, prices would increase as processors scramble to replenish their inventories.

Imports during the fourth quarter are estimated at about 7.5 million pounds--most of which would enter late in the quarter if prices increase. About 9 million pounds are expected to be in storage on January 1, 1972--3 million pounds more than at the beginning of this year.

Ocean Perch Fillets

With supplies of other fillets generally short this year, sales of ocean perch may increase this winter. When the whiting season closes in November, landings of ocean perch are expected to pick up. Landings of ocean perch during the fourth quarter are estimated at 5 million pounds (fillet weight). Landings of ocean perch usually decline in the fourth quarter but are expected to be seasonally heavy this year.

Imports of ocean perch during the fourth quarter are estimated to be about 13 million pounds--10 percent below fourth quarter 1970, largely because of more abundant domestic supplies this year.

The abundance of ocean perch this year coupled with shorter supplies of most other fillets may aid in increasing consumption of ocean perch in the coming months. We estimate consumption for the fourth quarter at 14 to 15 million pounds, compared to 10.5 million pounds consumed in the fourth quarter last year. Even with increased consumption, about 21 million pounds of ocean perch may remain in inventories on January 1, 1972,--about the same as at the start of this year.

Pollock Fillets

Total supplies of pollock are expected at about 4.5 million pounds in the fourth quarter 1971--down slightly from last year. Landings increase seasonally during the

fourth quarter and could be around 1.5 million pounds (fillet weight). Imports may be attracted by higher prices. Consumption is estimated at about 3.5 million pounds in the fourth quarter. With scarce supplies of cod available to institutional purchasers, pollock may become more acceptable this winter.

Halibut

Supplies and consumption of halibut in the fourth quarter of 1971 should be slightly lower than for the comparable period last year. Inventories of 17.3 million pounds on October 1, compared to 21.7 last October will contribute to lower consumption, although this may be offset somewhat by lower prices. Imports are expected to seasonally decline and may possibly be held down, to some extent, by the 10 percent surcharge.

Salmon

With good landings of troll-caught salmon in 1971, coupled with large carryovers of inventory from the beginning of the year, supplies of frozen salmon are expected to continue to be abundant in the last quarter of the year. With wholesale prices much lower than last year, consumption both in the United States, and in European markets, is expected to be strong.

Addendum (cont.)

A more liberalized definition of "raw seafood" will be adopted during the post-freeze period which will permit shelling, shucking, skinning, scaling, eviscerating removing heads and icing.

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